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NASA Procedural Requirements

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COMPLIANCE IS MANDATORY

Property, Plant, and Equipment and Operating Materials and Supplies

Responsible Office: Office of the Chief Financial Officer

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Preface

P.1. Purpose

This NASA Procedural Requirements (NPR) document provides the financial management requirements for the identification, valuation, accounting and reporting of capitalized Property Plant and Equipment (PP&E) and Operating Materials and Supplies (OMS).

P.2. Applicability

This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This language applies to JP, other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

P.3. Authority

a. Chief Financial Officers (CFO) Act of 1990, Public Law 101-576

b. Government Management Reform Act (GMRA) of 1994, Public Law 103-356, Sec. 403

c. Federal Financial Management Improvement Act (FFMIA) of 1996, Public Law 104-208

d. 2 Code of Federal Regulations (CFR) Part 215, "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non Profit Organizations."

e. Federal Acquisition Regulations (FAR)

f. Federal Property Management Regulations (FPMR)

g. OMB Circular No. A-11, Preparation, Submission and Execution of the Budget, Section 33 and Appendix B

h. OMB Circular No. A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

i. OMB Circular No. A-123, Management's Responsibility for Internal Control

j. OMB Circular No. A-127, Financial Management Systems

k. OMB Circular No. A-136, Financial Reporting Requirements

l. NASA Policy Directive (NPD) 9010.2, Financial Management

m. Statement of Financial Accounting Standards (SFAS) No. 2, Accounting for Research and Development Costs

n. Statement of Federal Financial Accounting Standards (SFFAS) No. 3, Accounting for Inventory and Related Property

o. SFFAS No. 6, Accounting for Property, Plant and Equipment (as amended by SFFAS Numbers

14, 16, and 23)

p. SFFAS No. 8, Supplementary Stewardship Reporting (as amended by SFFAS Numbers 16 and 23)

q. SFFAS No. 10, Accounting for Internal Use Software

r. SFFAS No. 29, Heritage Assets and Stewardship Land

s. Federal Accounting Standards Advisory Board (FASAB), Federal Financial Accounting Technical Release 7, "Clarification of Standards Relating to the National Aeronautics and Space Administration's Space Exploration Equipment"

t. NASA Policy Directive (NPD) 9010.2, "Financial Management"

P.4. Applicable Documents

a. NASA Federal Acquisition Regulations Supplement (NFS)

b. NPD 1200.1, "NASA Internal Control"

c. NPD 1440.6, "NASA Records Management"

d. NPD 9501.1, "NASA Contractor Financial Management Reporting System"

e. NPR 1441.1, "NASA Records Retention Schedule"

f. NPR 4200.1, "NASA Equipment Management Procedural Requirements"

g. NPR 5800.1, "Grant and Cooperative Agreement Handbook (14 CFR 1204, 1260, 1274)"

h. NPR 7120.5, "NASA Space Flight Program and Project Management Requirements"

i. NPR 7120.7, "NASA Information Technology and Institutional Infrastructure Program and Project Management Requirements"

j. NPR 7120.8, "NASA Research and Technology Program and Project Management Requirements"

k. NPR 7123.1, "NASA Systems Engineering Processes and Requirements"

l. NPR 7150.2, "NASA Software Engineering Requirements"

m. NPR 8800.15, "Real Estate Management Program Implementation Manual"

n. NPR 9501.2, "NASA Contractor Financial Management Reporting"

o. NASA Continuous Monitoring Program

P.5. Measurement/Verification

Quality control reviews and analysis of financial and budgetary reports and data submitted through the continuous monitoring program will be used to measure compliance with this NPR.

P.6. Cancellation

None

/S/
Terry Bowie
NASA Deputy Chief Financial Officer

Chapter 1. Identification of Capitalized Property, Plant, and Equipment

1.1 Overview

1.1.1 This chapter prescribes the accounting standards and policy for the NASA Property, Plant, and Equipment (PP&E), and the requirements for identifying when a PP&E purchase and/or fabrication meets the criteria for capitalization. This Chapter describes the process for identifying individual PP&E items by establishing a unique work breakdown structure (WBS) element to accumulate the item's costs and reporting the actual cost of the item. The requirement to prepare the NASA Form 1739, Alternative Future Use Questionnaire (AFUQ) and assign a unique WBS for property acquired or fabricated is applicable beginning October 1, 2007.

1.1.2 Accurately recording PP&E costs begins with identifying those property, plant or equipment purchases and/or fabrications that meet generally accepted accounting capitalization criteria and that which does not. PP&E that is used to conduct research and development (R&D) in support of National Aeronautics and Space Administration's (NASA's) programs and projects and that does not have a known alternative future use at the time that it is purchased or fabricated will be expensed in accordance with Statement of Financial Accounting Standards (SFAS) No. 2, Accounting for Research and Development Costs, and Federal Accounting Standards Advisory Board (FASAB), Technical Release 7. PP&E not associated with research and development will be capitalized according to Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant and Equipment.

1.1.3 SFAS No. 2 states that "The costs of materials (whether from the enterprise's normal inventory or acquired specially for research and development activities) and equipment or facilities that are acquired or constructed for research and development activities and that have alternative future uses (in research and development projects or otherwise) shall be capitalized as tangible assets when acquired or constructed. The cost of such materials consumed in research and development activities and the depreciation of such equipment or facilities used in those activities are research and development costs. However, the costs of materials, equipment, or facilities that are acquired or constructed for a particular research and development project and that have no alternative future uses (in other research and development projects or otherwise) and therefore no separate economic values are research and development costs at the time the costs are incurred." R&D costs shall be expensed as incurred.

1.2 Roles and Responsibilities

1.2.1 The NASA Project Manager shall:

a. Inform the HQ Office of the Chief Financial Officer (OCFO) Property Branch of acquisition strategy meetings.

b. Submit to the Center OCFO Property Branch the completed NASA Form 1739 Alternative Future Use Questionnaire (AFUQ) prior to the finalization of the project Work Breakdown Structure (WBS), identifying all planned PP&E that meets the stated capitalization criteria and their related NASA WBS elements, per NPR: 7120.5D NASA Space Flight Program and Project Management Requirements, and NPR 7120.8 NASA Research and Technology Program and Project Management

Requirements. NASA Form 1739, AFUQ can be accessed from NASA Electronics Forms (NEF) website by searching for the form under NEF bullet.

c. Create a unique WBS element, within the project WBS structure, for each capitalized PP&E identified through the use of NASA Form 1739, Alternative Future Use Questionnaire (AFUQ), whether NASA or contractor-held. Capital asset WBS elements can be created anywhere within levels 3 to 7 of the project WBS at project management's discretion. When requesting the unique WBS element(s) through NASA's Metadata Manager (MdM).

d. Attach the completed NASA Form 1739, Alternative Future Use Questionnaire (AFUQ) using the attachment feature in MdM.

e. Assign NASA WBS asset attribute types in MdM to each capital asset unique WBS element. There shall be five WBS asset attribute types available based on type of asset acquisition the WBS will be supporting:

(1) Theme Assets.

(2) Software (Internal use software $1M and over).

(3) Real Property.

(4) PP&E - Fabricated Ancillary capital assets.

(5) PP&E - Purchased Ancillary capital assets.

f. Create Procurement Requests (PR) specifying:

(1) Those NASA WBS elements for capitalized PP&E to be acquired or fabricated on that procurement.

(2) Data requirements for contractor reporting and invoicing by those WBS elements.

1.2.2 The Contractor shall, (as provided for in their contracts):

a. Support the accumulation of the cost for each item of NASA-defined capitalized PP&E as required by NASA.

b. Support the reporting of current period costs incurred in the acquisition or fabrication of individual capitalized PP&E as separate items on required reporting vehicles such as the NASA Form 533, Contractor Cost Report.

c. For fixed priced contracts, itemize capitalized PP&E as a separate item on invoices and/or vouchers.

d. Ensure that contract reporting requirements are developed (e.g. NASA Form 533, Contractor Cost Reporting).

1.2.3 The Agency Office of the Chief Financial Officer (OCFO) shall:

1.2.3.1 Prior to the beginning of the project:

a. Review and approve the project WBS structure to ensure that a unique WBS element(s) has been assigned to all PP&E that has been identified as capital PP&E.

b. Develop, in conjunction with procurement, project management personnel, and Center finance personnel, the financial management reporting requirements and instructions (in accordance with NPR 9501.2D) to be included in solicitations and contracts. These reporting requirements and instructions are normally in the form of a contract Data Requirement Description, and should include a structure to support the reporting of each capital asset as an individual reporting category on contractor cost reports (typically the NASA Form 533).

c. Review all submitted NASA Form 1739, AFUQ to ensure that all identified planned PP&E comply with NASA capitalization requirements and that unique WBS elements have been identified for PP&E that meet capitalization requirements.

1.2.3.2 While the project is underway:

a. Review and approve the project WBS structure before the acquisition is made, ensuring that:

(1) NASA WBS elements are identified for capitalized PP&E.

(2) Asset attributes have been associated with each unique PP&E WBS element. There shall be five WBS asset attribute types available based on type of asset acquisition the WBS will be supporting:

(a) Theme Assets.

(b) Software (Internal use software $1M and over).

(c) Real Property.

(d) PP&E - Fabricated Ancillary capital assets.

(e) PP&E - Purchased Ancillary capital assets.

b. Maintain a file copy of the NASA Form 1739, AFUQ at HQ.

1.2.4 The Center Office of the Chief Financial Officer (OCFO) shall:

1.2.4.1 Prior to the beginning of the project:

a. Ensure that adequate financial controls are in place and financial records and reports accurately reflect the status of capital assets under the cognizance of the Center in accordance with the policies prescribed in this chapter. Their responsibilities also include maintaining close liaison with property management and other personnel concerned with property to provide assurance that values reported are accurate.

b. Provide the final determination of the accounting treatment for all projects based upon review of the NASA Form 1739, AFUQ.

c. In coordination with NASA HQ, review and approve all submitted NASA Form 1739, AFUQ for PP&E acquired or fabricated beginning October 1, 2007 to ensure that all identified planned PP&E comply with NASA capitalization requirements and that unique WBS elements have been identified for PP&E that meet capitalization requirements.

d. Work in close liaison with NASA HQ, procurement, and project management personnel, to develop the financial management reporting requirements and instructions (in accordance with NPR 9501.2D) to be included in solicitations and contracts. These reporting requirements and instructions are normally in the form of a contract Data Requirement Description, and should include a structure to support the reporting of each capital asset as an individual reporting category on contractor cost reports (typically the NASA Form 533).

1.2.4.2 While the project is underway:

a. Review and approve submitted NASA Form 1739, AFUQs to ensure that all planned PP&E that meet the stated capitalization criteria and their related unique NASA WBS elements have been identified.

b. Review contractor requests to purchase PP&E before the requests are approved by the contracting officer in order to confirm that a unique WBS has been established and the contract DRD requires cost reporting of individual PP&E based on the unique WBS.

c. In coordination with NASA HQ, review and approve the project WBS structure before the acquisition is made, ensuring that:

(1) NASA WBS elements are identified for capitalized PP&E.

(2) Asset attributes have been associated with each unique PP&E WBS element. There shall be five WBS asset attribute types available based on type of asset acquisition the WBS will be supporting:

(a) Theme Assets.

(b) Software (Internal use software costing equal to or greater than $1M).

(c) Real Property.

(d) PP&E - Fabricated Ancillary capital assets.

(e) PP&E - Purchased Ancillary capital assets.

d. Maintain the original NASA Form 1739, AFUQ at the Center.

1.2.5 Center Procurement Officers. Shall support the Center OCFO in identifying and valuing capital assets through implementation of the Federal Acquisition Regulation (FAR) and the NASA FAR Supplement (NFS) in the following areas:

1.2.5.1 Prior to Contract Award.

a. Ensure that the types and approximate quantities of Government Furnished Property and Contactor Acquired Property are discussed in Procurement Plans and Procurement Strategy meetings and that Center financial representatives are included in the procurement planning process (FAR part 7 and NFS part 1807).

b. Ensure that the appropriate solicitation instructions, provisions and contract clauses are included in solicitations and contracts, in order that (FAR part 45 and NFS part 1845):

(1) The solicitation identifies all Government Property that may be made available for performance of the contract.

(2) Contractors are required to identify any Government Property desired and required for performance of the effort.

(3) The resulting contract includes a listing of all Government Property supplied for use under the contract.

(4) Contractors are required to obtain approval for the purchase or fabrication of property for which the Government will have title, unless the property is a deliverable itemized under the contract or a component of or material for that deliverable.

c. Support the cognizant financial management and project management personnel in the development of contractor cost reporting requirements (where cost reporting is required) which align with the NASA project WBS structure and require a separate reporting line item for each capital asset (NFS Subpart 1842.72 and NPR 9501.2D, "NASA Contractor Financial Management Reporting").

d. For firm-fixed-priced contracts, identify each capital asset for which the Government will have title to as a separate Contract Line Item Number (CLIN) to ensure that capital assets are identified as separate line items on invoices/vouchers.

1.2.5.2 After Contract Award.

a. Review for approval all contractor requests to purchase and/or fabricate PP&E which the government will have title to in accordance with NFS 1845.103-70, and forward approved requests with an expected acquisition cost equal to or greater than $100,000 to the Center Deputy CFO (NFS 1845.103-70).

b. For contracts requiring financial management and cost reporting, ensure that contractors report approved PP&E purchases and/or fabrications that have been determined to meet the capitalization criteria as separate line items (as initially established in the contract). This will support the capture of work in progress costs necessary for Agency Financial Reporting. The cost to the government for capital assets acquired through firm fixed price contracts will be obtained from the invoice, and/or progress payments, or other interim payment information (NFS Subpart 1842.72 and NPR 9501.2D -- NASA Contractor Financial Management Reporting).

1.3 Lifecycle

1.3.1 Purpose. This section describes the property, plant and equipment lifecycle from a financial accounting perspective. The descriptions in the following paragraph provide a summary of the major financial requirements for capital asset identification, cost accumulation, reporting, receiving and disposal.

1.3.2 PP&E Lifecycle Phases. The following sections A through E describe the major phases of the PP&E lifecycle.

1.3.2.1 Plan. Planned acquisitions of all NASA-owned PP&E shall be identified and evaluated for capitalization by the responsible NASA program/project manager and/or his delegate before costs are incurred in their purchase or fabrication. Project managers are required to complete the Alternative Future Use Questionnaire for all NASA projects to determine the accounting treatment for each project (e.g., whether the project will be treated as a theme asset project and capitalized or as a R&D project and expensed) and for each individual acquisition of PP&E used in support of that project. The Agency and/or Center OCFOs or its representatives will assist the project managers, whenever needed, in determining which PP&E purchase and/or fabrications meet the capitalization criteria. Those PP&E items that meet established capitalization criteria shall be designated General PP&E or Heritage Assets, and for General PP&E shall be capitalized and depreciated according to requirements established in this Chapter.

1.3.2.2 Acquire/Fabricate. Costs incurred by NASA or its contractors throughout the acquisition lifecycle shall be segregated and tracked uniquely to the General PP&E and/or Heritage Asset item being acquired/fabricated when it meets the capitalization criteria. For detailed discussion on identification of PP&E that meet the capitalization criteria and the capturing of their costs by assigning them to WBS elements within each unique WBS, refer to Section 1.7 of this Chapter.

1.3.2.3 Report.

1.3.2.3.1 Costs incurred by NASA or its contractors for individual General PP&E and/or Heritage Asset items shall be reported to the authorizing NASA program/project through established processes and reports. Costs shall be reviewed and approved by the responsible NASA program/project manager and/or his delegate before they are entered into NASA's financial accounting system. Reconciliations shall be performed to ensure that invoices reflect approved PP&E costs. Reconciliations shall be documented and work papers maintained by the Center Chief Financial Officer (CFO)/Deputy Chief Financial Officer (Finance) (DCFO)(F) on file for review by auditors and submission to as part of the quarterly Quality Assurance Evaluation (QAE) process.

1.3.2.3.2 Status on the physical condition of individual General PP&E and/or Heritage Asset items shall be reported to the Center CFO/ DCFO(F) by the responsible NASA program/project manager and/or his delegate at the time the acquisition is complete or canceled, when the item becomes operational, and when the item is disposed of or decommissioned.

1.3.2.4 Receipt of General PP&E.

1.3.2.4.1 In general, NASA shall recognize general PP&E when title to the asset passes to NASA. Title passage will occur either at the time of delivery to the NASA or at an earlier contractually specified time.

1.3.2.4.2 For purchased equipment, the recognition date normally will be the date shown on the receiving and inspection report or equivalent source document evidencing the receipt and passage of inspection.

1.3.2.4.3 For real property assets or capital improvements to an asset, capitalization shall begin on the date they are placed in service. This event is defined as the date on which the facility or improvement to a facility is available for use by NASA. The date the facility is accepted for use is known as the beneficial occupancy date.

1.3.2.4.4 For General PP&E assets acquired by a contractor on behalf of NASA, the assets shall be recognized upon delivery or constructive delivery, whether to the contractor performing the service, or to a NASA facility. Delivery or constructive delivery shall be based on the terms of the contract regarding delivery, receipt and acceptance.

1.3.2.5 Disposal of General PP&E.

1.3.2.5.1 General.

a. In general disposition and or disposal of NASA PP&E occur due to several reasons and executed in accordance with the applicable federal regulations and NASA policy and accounted for according to the federal accounting standards. The following situations or circumstances require analysis and determination by the appropriate NASA official to determine the appropriate actions to be taken to dispose the NASA PP&E.

b. Un-required Property. When a NASA Center or component facility identifies and determines that a PP&E item is no longer needed by that Center or component facility and it is available for transfer to other Centers or component facility, it will be classified and kept as un-required property. NASA will continue to account for this property as previously accounted for in its accounting records.

c. Excess PP&E. When the Agency determines that the general PP&E is no longer required for NASA's needs, it shall be treated as excess property. At the time the excess PP&E is deemed no longer in service in the operations of the entity, it shall be reclassified from PP&E accounts to other appropriate asset accounts (Other Assets) along with associated accumulated depreciation/amortization. It shall be recorded in an appropriate asset account at its expected net realizable value. Any difference in the book value of the PP&E and its expected net realizable value shall be recognized as a gain or a loss in the period of adjustment. The expected net realizable value shall be adjusted at the end of each accounting period and any further adjustments in value recognized as a gain or a loss. However, no additional depreciation/amortization shall be taken once such assets are removed from General PP&E in anticipation of disposal, retirement, or removal from service. PP&E could also be deemed no longer in service when it has suffered damage or becomes obsolete and could be reclassified to other appropriate asset accounts (Other Assets) similar to excess PP&E.

1.3.2.6 Transfer.

1.3.2.6.1 Without Reimbursement. The cost of General PP&E transferred from other Federal entities without any reimbursement shall be the cost recorded by the transferring entity for the General PP&E net of accumulated depreciation or amortization, if it meets the capitalization criteria. If the value cannot be reasonably ascertained, the PP&E shall be recorded at its fair value at the time of transfer, if the fair market value is $100,000 or more.

1.3.2.6.2 With Reimbursement. PP&E transferred from other entities with reimbursement shall be recorded in NASA's accounts at the amount of reimbursement to the transferor, if it meets the capitalization criteria. The date the transferor originally acquired the PP&E should be obtained for calculation of depreciation. If the original date of acquisition cannot be obtained, it shall be estimated in coordination with appropriate Center technical and property officials.

1.3.2.6.3 Capital assets transferred to another NASA Center will be recorded as a decrease to the asset accounts of the transferring Center and an increase to the asset accounts of the receiving Center. The amount recorded will be the capitalized cost as previously maintained in the books of the transferring Center. The transfer of General PP&E to other Federal agencies or outside entities will be recorded as a reduction to the asset accounts for the recorded value of the asset(s).

1.3.2.7 Donation.

1.3.2.7.1 Excess PP&E determined to be surplus to the needs of NASA are available for donation to other entities. NASA shall use the General Services Administration (GSA) approved transfer process and documents to accomplish the donation to other entities. The donated property will be removed from NASA's books along with the accumulated depreciation and any loss incurred at the time of transfer will be recognized.

1.3.2.7.2 The cost of General PP&E acquired through donation, devise, or judicial process excluding forfeiture shall be the estimated fair value at the time acquired by the government. General PP&E acquired by donation will be recorded in the appropriate asset account at estimated fair value at the time acquired by NASA.

1.3.2.8 Sale of Surplus PP&E.

1.3.2.9 Excess PP&E determined to be surplus to the needs of NASA and available for sale to the public are identified as surplus PP&E available for sale. At the time of the sale of the surplus PP&E, the transaction is recorded by removing the asset from the Other Asset account (which has been debited earlier when it was determined it was no longer in service) and recognizing any losses on the disposition of the PP&E.

1.3.2.10 NASA owned PP&E in the custody of contractors determined to be surplus to the needs of NASA and other governmental agencies may be disposed of in accordance with the provision of the FAR and NFS. The proceeds of any such sale will be credited to miscellaneous receipts, unless the contract or any other subcontract there under authorizes credit of the proceeds to the cost or price of the work.

1.3.2.11 Abandonment. Abandonment is the method of disposition of PP&E with no commercial value as determined by an authorized NASA official. The timing of the abandonment (after or before the determination was made that the PP&E is excess) will determine the type of journal entries to be posted to NASA PP&E system to record the transactions. If the PP&E is abandoned after it is being excessed, it will be removed from the Other Asset account and any loss on disposition of asset will be recognized. If the abandonment occurs prior to the PP&E being excessed, the abandoned PP&E will be removed from NASA's books along with associated accumulated depreciation and any loss on disposition will be recognized.

1.3.2.12 Exchange/Sale.

1.3.2.12.1 Non-excess, non-surplus property may be exchanged or sold with the intention of applying the exchange allowance or sale proceeds, in whole or in part payment, towards the acquisition of similar or replacement property. At the time of the exchange/sale, the transaction will be recorded by a journal entry removing the exchanged/sold PP&E from NASA's books along with the associated accumulated depreciation and recognizing any gain or loss on the disposal of the PP&E.

1.3.2.12.2 As per the GSA Waiver (GSA Approval dated April 23, 2008), NASA is permitted to apply proceeds from the sale of non-excess National Space Transportation System (NSTS) Program assets classified as Federal Supply Group 18 to acquire property for the Constellation Program also classified as Federal Supply Group 18. Unless other uses are specifically authorized by GSA, NASA must use the proceeds from the exchange/sale to acquire replacement PP&E. The proceeds shall be accounted for using current year appropriations; they do not need to be returned to the original appropriation.

1.3.2.12.3 General PP&E assets that have been identified for permanent removal from service shall no longer be depreciated once the asset no longer contributes to the operation of the entity. The triggering event for disposal is the time/date the asset no longer provides service in the operations of the entity. Depreciation/amortization of General PP&E assets will stop on this disposal date. This date shall also represent the date on which the General PP&E asset and its associated depreciation/amortization and accumulated depreciation/amortization are no longer reported under the General PP&E account on the financial statements and the depreciation/amortization calculation is discontinued.

1.3.2.12.4 The disposal start date is defined as the calendar date of a legally enforceable and recognizable obligation to complete the disposal action or the date the operation has ceased, whichever comes later. On this date, the asset is no longer depreciated, its book value is removed from the financial records, and the corresponding gain/loss from disposition is recorded. For demolitions, this represents the demolition contract's start date. For transfers and sales, this represents the date on which the instrument is endorsed or operation is ceased, whichever comes later. For natural disasters, this represents the actual date of the incident.

1.4 Categories of PP&E

1.4.1 Within PP&E, two categories have been defined for accounting and reporting purposes. Specific accounting guidance is contained in this chapter for each category of PP&E. These categories are:

a. General PP&E.

(1) Real Property.

(2) General Equipment.

(3) Capital Leases.

(4) Internal Use Software.

b. Stewardship PP&E.

(1) Heritage Assets.

(2) Stewardship Land.

1.4.2 General PP&E.

1.4.2.1 General PP&E consists of tangible assets that meet all of the following criteria:

a. Have an estimated useful life of two years or more (five years for internal use software);

b. Are not intended for sale in the ordinary course of operations;

c. Are acquired or constructed with the intention of being used or being available for use by the entity; and

d. The current NASA Capitalization threshold is $100,000 for all assets other than internal use software which has a capitalization threshold of $1,000,000.

e. Have an alternative future use.

1.4.2.2 General PP&E also includes:

a. Assets acquired through capital leases, including leasehold improvements.

b. Property owned by NASA even though it may be in the possession of others (i.e., state and local governments, colleges and universities, or contractors).

c. Land, other than Stewardship Land with an identifiable cost that was specifically acquired for, or in connection with, the construction of General PP&E.

d. Land rights, which are interests and privileges held by an entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, mineral rights and other like interests in land.

1.4.2.3 General PPE examples include but are not limited to:

a. Real Property including Land and Land Rights (see Chapter 3 of this NPR).

b. Real Property such as Buildings; Other Structures, and Facilities (see Chapter 3 of this NPR).

c. Construction Work in Process (see Chapter 3 of this NPR).

d. General Equipment (see Chapter 4 of this NPR).

e. Work in Progress/Asset Under Construction (see Chapter 4 of this NPR).

f. Capital Lease (see Chapter 6 of this NPR).

g. Leasehold Improvements (see Chapter 3 of this NPR).

h. Internal Use Software (see Chapter 5 of this NPR).

1.4.2.4 Exclusions. General PP&E excludes items:

a. Held in anticipation of physical consumption such as operating materials and supplies.

b. That the Agency has a reversionary interest. For example, the Agency sometimes retains an interest in PP&E acquired with grant money in the event that the recipient no longer uses the PP&E

in the activity for which the grant was originally provided and the PP&E reverts to the Agency.

c. Classified as Stewardship PP&E (see Section 1.4.3 below).

d. That should be expensed as research and development (R&D) costs. Equipment acquired for research and development, which may have alternative future uses and otherwise meets the criteria for capitalization, should be capitalized accordingly.

1.4.2.5 For further discussion of General PP&E accounting policy, see Chapter 2 of this NPR.

1.4.3 Stewardship PP&E. Stewardship PP&E consists of tangible assets classified as either Heritage Assets or Stewardship Land. The only type of stewardship PP&E currently owned by NASA are heritage assets.

1.4.3.1 Heritage Assets. Heritage Assets are PP&E of historical, natural, cultural, educational significance; artistic importance; or significant architectural characteristics.

1.4.3.2 Stewardship Land. Stewardship Land is land and land rights other than that acquired for or in connection with General PP&E, land acquired via the public domain, or land acquired at no cost.

1.4.3.3 For further discussion of Heritage Assets see Chapter 7 of this NPR.

1.5 Identifying Capitalized PP&E

1.5.1 Identifying Items That Must be Capitalized. Accurately recording PP&E costs begins with identifying those property, plant or equipment purchases and/or fabrications that meet generally accepted accounting capitalization criteria and that which does not. Project Managers are required to complete the Alternative Future Use Questionnaire for all PP&E to identify those PP&E that should be capitalized and those that should not. The Office of the Chief Financial Officer (OCFO), or its representatives, will attend project concept, initiation, and implementation meetings to assist projects in determining which PP&E purchases and/or fabrications will need to be capitalized. Through review and analysis of project documentation (including the Alternative Future Use Questionnaire completed by the project manager) and consultation with project management and Contracting Officers, NASA will determine and identify:

a. What capitalized PP&E will be purchased and/or fabricated by the project.

b. The NASA WBS element(s) associated with each.

1.5.2 Alternative Future Use Questionnaire. NASA's Alternative Future Use Questionnaire (NF 1739) describes the criteria for identifying capitalized PP&E.

1.5.3 WBS Assignment.

1.5.3.1 When PP&E items meet the capitalization criteria, their purchase and/or fabrication costs must be segregated from other project costs and this segregation must occur as the costs are incurred. Project Managers will segregate capitalized costs by assigning a WBS element within the project's WBS structure for each capitalized PP&E as the items are identified. This must be done for PP&E that will be capitalized, whether purchased and/or fabricated by NASA or by contractors.

1.5.3.2 NASA must identify each unique piece of capitalized PP&E before costs are incurred in its purchase and/or fabrication. A WBS element(s) must be created within the project WBS structure and communicated to relevant project staff (employees and contractors) for each piece of capitalized PP&E. These capital asset WBS elements can be created anywhere within levels 3 to 7 of the project

WBS at project management's discretion. Identification of capitalized PP&E and the creation of a WBS element(s) for each capitalized item begins at project inception and continues through the project life. In this way, all planned and emergent capitalized PP&E items are identified so that costs can be captured for each item as the costs are incurred.

1.5.3.3 WBS Attribute Code. To further support identification of capitalized PP&E within NASA's financial accounting system, Project Managers must request that the applicable asset attribute indicator be set in MdM for each NASA PP&E WBS element. These indicators will serve to identify those NASA WBS elements reserved for capitalized PP&E, indicate what type of PP&E the WBS element is tracking costs for, and provide a mechanism for reporting on PP&E WBS elements. The following WBS asset attribute codes are used with PP&E WBS codes:

a. For NASA WBS elements with the asset attribute types 1-4, place costs in the associated work-in-progress (WIP) account and upon completion of the PP&E, transfer costs to one of the following asset accounts:

(1) Theme Assets.

(2) Software (Internal use software costing equal to or greater than $1M).

(3) Real Property.

(4) PP&E - Fabricated Ancillary capital assets.

b. For NASA WBS elements with the asset attribute type 5 enabled, place costs in an asset account upon receipt:

(1) PP&E - Purchased Ancillary capital assets.

1.5.3.4 Contract Requirements. Procurement will assist in establishing solicitations and contracts which require contractors to obtain necessary approvals prior to the purchase and/or fabrication of PP&E and to report the cost of any capitalized PP&E by the assigned WBS element(s) on cost reports and invoices. These requirements will be established at the inception of new contracts and will be required for any "new work" negotiated in modifications to existing contracts.

1.5.3.4.1 Prior Approval. To ensure that all capitalized PP&E are identified and assigned a NASA WBS element, contractors must obtain approval prior to purchasing or beginning fabrication of any PP&E with an anticipated total acquisition cost of $100,000 or greater that is not specifically identified within their contract. As a result, NASA will have the ability to identify, track and accumulate the costs associated to the value of all capitalized PP&E. Identifying capitalized PP&E from project inception and requiring contractors to obtain approval for PP&E purchases of $100,000 or greater will enable NASA to identify each piece of capitalized PP&E as early as possible in the project lifecycle. Requiring NASA approval prior to the purchase and/or fabrication of capitalized PP&E, assigning a NASA WBS element to each, and reporting costs individually by NASA WBS element(s) improves control over the valuation of those capitalized PP&E. Contract must include clauses that require contractors to:

a. Track and report costs using the assigned NASA WBS element when purchasing and/or fabricating capitalized PP&E.

b. Report the costs of each capital asset as a separate item on required cost reports. These reporting requirements will not apply to firm-fixed-price (FFP) contracts. Costs to the Government for capital assets acquired through FFP contracts will be collected from invoice and/or progress payment or other interim payment information.

1.5.3.4.2 Similarly, NASA costs associated with capitalized PP&E will be accumulated in the relevant PP&E WBS element.

1.6 Integrated Asset Management

1.6.1 Integrated Asset Management Property, Plant, and Equipment (IAM PP&E) is NASA's integrated PP&E accounting system for personal property. The current version of the IAM PP&E can track, account for, and report the capitalized PP&E except real property. Using the various transactions codes (T-codes), Property Accountants and others with assigned responsibilities can execute the asset accounting transactions to accomplish the PP&E accounting transactions.

1.6.2 Detailed asset accounting End User Procedures (EUP) and job aids are available at Enterprise Performance Support System (EPSS), which can be accessed at the EPSS web site.

Chapter 2. General PP&E Policies

2.1 Overview

2.1.1 This chapter sets forth general principles, standards, policies, and procedures to assure compliance with statutory and regulatory requirements regarding NASA's General Property, Plant and Equipment (PP&E). These requirements ensure effective financial control over NASA owned General PP&E. Chapter 7 of this NPR establishes the general principles, standards and polices for NASA's stewardship PP&E.

2.2 Roles and Responsibilities

2.2.1 Center Chief Financial Officers and Deputy Chief Financial Officers, Finance (DCFO)(F). Center Chief Financial Officers (CFOs) and Deputy Chief Financial Officers, Finance (DCFO)(F), are responsible for ensuring that adequate financial controls are in place and financial records and reports accurately reflect the status of PP&E under the cognizance of the Center in accordance with these policies. Their responsibilities also include maintaining close liaison with property management and other personnel concerned with property to provide assurance that values reported are accurate.

2.2.2 Center CFOs and Center DCFO(F)s. Center CFOs and DCFO(F)s shall ensure independent control of data in the accounting system; the accounting system data will be reconciled to real property and equipment records at least quarterly, by the DCFO(F), Real Property Accountable Officer (RPAO) and Supply and Equipment Management Officer (SEMO). Reconciliations shall be documented and work papers maintained in a file for review by auditors and submission to Headquarters as part of the Continuous Monitoring Program (CMP).

2.3 Capitalization Criteria

2.3.1 General. The following criteria apply to all General PP&E, including modifications, improvements, etc. for financial accountability. NASA will capitalize individual items of PP&E which:

a. Have a unit acquisition cost of $100,000 or more for all assets other than internal use software which has a capitalization threshold of $1,000,000, and;

b. Have an estimated useful life of two years or more for all assets other than internal use software which has a useful life of 5 years, and;

c. Are not intended for sale in the ordinary course of operations, and;

d. Have been acquired or constructed with the intention of being used, or being available for use by the Agency, and;

e. Have an alternative future use.

2.3.2 Bulk Purchase. Bulk purchases of General PP&E, that individually meet the capitalization threshold, shall be capitalized and depreciated in accordance with the policies established in this NPR. If the per item cost of a bulk purchase does not meet NASA's capitalization threshold, the bulk purchase shall be expensed in the period acquired. For bulk purchase of internal use software, refer to Chapter 5 of this NPR.

2.3.3 Collateral Equipment.

2.3.3.1 Collateral equipment includes building-type equipment, built-in equipment, and large substantially affixed equipment, normally installed as a part of a facility project, whether it is original facility construction or modification. Such a project is considered a single event.

2.3.3.2 Collateral Equipment is not severable and is considered part of the facility project through which it is installed. The cost of collateral equipment which is part of such a project, therefore, shall be included in the value of the project in making the determination as to whether the project meets the capitalization criterion in Chapter 1 of this NPR. If it is a capital project, the value of the collateral equipment will be included in the capitalized value. The cost of replacements of the collateral equipment or collateral equipment added to an existing facility will be treated as either a capital improvement or maintenance, depending on the circumstances.

2.3.3.3 Non-collateral equipment, when acquired and used in a facility or test apparatus, can be severed and removed after construction without substantial loss of value or damage to the equipment or the premises where it is installed. Each such item shall be considered separately in relation to the capitalization criteria. Non-collateral equipment which meets the criteria is recorded in account 1750.1000, Government Owned Government Held Other Equipment.

2.3.3.4 Policy regarding physical accountability for government-held real property (land, buildings, other structures and facilities, and leasehold improvements), equipment, and contractor-held property, including dollar thresholds, is contained in the Real Estate Management Program Implementation Manual (NPR 8800.15_), Policy for Real Property Management (NPD 8800.14), NASA Equipment Management Manual (NPR 4200.1_), and Federal Acquisition Regulation (FAR), Part 45, respectively.

2.3.4 Capital Improvements/Modifications.

2.3.4.1 Capital improvements or modifications are changes to existing PP&E which cost $100,000 or more and extend its useful life by two years or more or enlarge or improve its capacity or otherwise upgrade it to serve needs different from, or significantly greater than, those originally intended.

2.3.4.2 Capital Improvements and modifications that meet the capitalization criteria are capitalized and depreciated. Modifications that do not meet the capitalization criteria are expensed.

2.3.4.3 In situations where the acquisition of a General PP&E items or modifications to an existing General PP&E is linked to an end item by way of a parent-child relationship, the cost of such individual acquisition or modification (child) will be included in the cost of the end-item (parent) for determining capitalization threshold. In situations where there is a parent-child relationship, for the purpose of determining the capitalization threshold of $100,000 or more, it is the combined cost of the individual items that make up the end item, not the cost of the individual items (child) that should be considered.

2.3.4.4 Where a replacement occurs due to a capital improvement, the accounts should be appropriately adjusted to remove the values of items replaced (where those original values are $100,000 or more). If only a portion of the property is being replaced, and that portion is not separately identifiable in the accounting records, the value of the replaced portion should be estimated and the accounts adjusted accordingly. Removal of an item's recorded cost should be treated as separate accounting transaction from the recording of any additions or replacements. Replacements due to maintenance will be expensed.

2.3.4.5 Except for the situation of the parent-child relationship explained in Section 2.3.4.3 above, if an item's acquisition value is below $100,000 when it is first acquired and it is not, therefore, originally capitalized, it will not be capitalized later, regardless of whether the value of accumulated improvements would, if added, result in a cumulative value of $100,000 or more. If a single subsequent modification meets the capitalization criteria, that modification only will be capitalized at its acquisition cost. Each modification will be considered a single event.

2.3.4.6 If a reduction in the capitalized value as a result of a modification causes the value of the remainder of the item to drop below $100,000, the item will be removed from capitalized PP&E.

2.3.5 Maintenance. Expenses incurred to maintain an asset in a useable condition do not meet the criteria for capitalization and are thus charged to expense in the accounting period in which the costs were incurred. SFFAS No. 6 states the following: "For purposes of this standard, maintenance is described as the act of keeping fixed assets in acceptable condition. It includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended."

2.3.6 Changes to Useful Life. Factors such as financial and operational conditions, physical wear and tear, or technological changes can affect the useful life of specific PP&E items. Periodic reevaluation/revisit of the useful life should be conducted when assets are affected by the factors identified in Section 2.3.4 above.

2.3.7 Research and Development (R&D). Research and Development costs are not capitalized; they are expensed as period expense. Many of the Theme Assets Projects and assets acquired and or fabricated in support of those projects are used for research and development and do not meet the criteria for capitalization. (See Alternative Future Use Questionnaire (AFUQ) section in Chapter 1 of this NPR regarding the determination of whether the costs incurred for PP&E acquisition (purchase or fabrication) meet the criteria for capitalization or R&D expense).

2.3.8 Launch Service Costs. NASA will capitalize launch service costs associated with delivery of International Space Station components owned by the United States. NASA will not capitalize launch service costs associated with payloads belonging to other countries.

2.4 Valuation

2.4.1 Capitalized values shall include all costs incurred to bring General PP&E to a form and location suitable for its intended use, (i.e., the total cost to NASA). For example, the cost may include the following, as appropriate for the type of General PP&E capitalized:

a. Labor and other direct or indirect production costs.

b. Amounts paid to vendors or contractors, including fees.

c. Transportation charges to the point of initial use.

d. Handling and storage charges (for assets produced or constructed).

e. Engineering, architectural, and other outside services for designs, plans, specifications, and surveys.

f. Acquisition and preparation costs of buildings and other facilities.

g. An appropriate share of the cost of the equipment and facilities used in construction work.

h. Fixed equipment and related installation costs required for activities in a building or facility.

i. Direct costs of inspection, supervision, and administration of construction contracts and construction work.

j. Legal and recording fees and damage claims.

k. Fair values of facilities and equipment donated to the Government.

l. Material amounts of interest costs paid.

2.4.2 Costs of extended warranties should be expensed at the time of payment and not be included in the capitalized value. Where capitalized equipment is traded in for another piece of capitalized equipment, the capitalized value of the new asset will be the acquisition cost including the amount received for the trade-in. Capitalized value will be net of discounts taken.

2.4.3 Transfers and Donations.

2.4.3.1 Transfers of PP&E between a NASA Center and another Center or a contractor shall be documented using shipping documents such as a Requisition and Invoice/Shipping Document, DD Form 1149, a Material Inspection and Receiving Report, DD Form 250, or a Transfer Order Excess Personal Property, SF 122. The documents shall contain contract numbers, shipping references, property classifications in which the items are recorded (including the Federal Supply Classification group (FSC) codes for equipment), unit acquisition costs, original acquisition dates and any other appropriate identifying or descriptive data. Where the DD 250 is used, the FSC code will be part of the national stock number (NSN). Transfers of PP&E between contractors within a NASA Center shall be noted on shipping documents and a copy should be furnished to the

Center CFO or DCFO(F) to effect the transfer. Transfers of PP&E between a NASA Center and the contractor of another NASA Center must first be recorded as a transfer between Centers and supported by the applicable transfer documentation.

2.4.3.2 The logistics management office of a transferring Center will prepare the applicable documentation to support property transfers to another NASA Center (or its contractor).

2.4.4 Financial Controls.

2.4.4.1 Offsetting entries for transfers will be affected by the nature of the transfer (i. e. reimbursable or nonreimbursable) and the parties involved (i.e. NASA, NASA contractors and other Federal agencies).

2.4.4.2 The offsetting entries should include one of the following accounts:

a. 5720.0000 Financing Sources - Property Transferred in Without Reimbursement.

b. 5720.2000 Financing Sources - Property Transferred in Without Reimbursement - Property.

c. 5730.0000 Financing Resources - Property Transferred out Without Reimbursement.

d. 5730.2000 Financing Resources - Property Transferred out Without Reimbursement - Property.

e. 6610.0000 Cost Offset Capitalization.

f. 6610.1000 Cost Capitalization Offset - Assets.

2.4.5 Work-in-Progress.

2.4.5.1 NASA shall classify all tangible personal property under construction (i.e., not complete) as work-in-progress (WIP). All costs (i.e., direct and indirect) are accumulated in a WIP account relating to the acquisition of constructed PP&E. All costs incurred to acquire and bring the PP&E to a form and location suitable for its intended use should be accumulated in the WIP account.

2.4.5.2 When an individual PP&E item is completed the total cost of the item will be transferred from the WIP account to the General PP&E account. Piece parts that are completed prior to the end asset being complete will remain in WIP until the end asset is placed in service, or beneficial occupancy occurs, at which time all piece parts will be transferred out of WIP to General PP&E. The individual end item should be recorded at "unit acquisition cost."

2.4.6 NASA Property in the Custody of Contractors and Under Grants and Cooperative Agreements. NASA-owned contractor-held PP&E may be NASA-furnished or contractor acquired.

2.4.6.1 The contractor should accumulate the cost of PP&E within the project PP&E unique WBS element(s) and report the cost of any capitalized PP&E by separate line items on cost reports such as NASA Form 533 Contractor Cost Reports or other reporting vehicles. These requirements will be established at the inception of new contracts and will be reflected in modifications to all existing contracts for any new assets put in place.

2.4.6.2 NASA Property under Grant and Co-operative Agreements. Out-grants of General PP&E does not transfer the title of the property to the grantee, but only the rights to use the property during the period of the grant in accordance with the terms of the agreement. NASA will continue to own the General PP&E during the term of the grant and continue to account for the PP&E in NASA's accounting system. For more details about the out-grant of NASA-owned real property, please refer to NASA NPR 8800.15, "NASA Grant and Co-operative Agreement Handbook."

2.4.6.3 Property in the custody of NASA by reason of an ingrant agreement is not owned by NASA; title to such property still resides with the grantor. Hence, NASA will not account for the property as capital assets in NASA's PP&E accounts.

2.5 Recognition

2.5.1 General PP&E shall be recognized when title passes to the acquiring entity or when the PP&E is delivered to the entity or to an agent of the entity. In the case of constructed PP&E, the PP&E shall be recorded as construction work in process until placed in service, or beneficial occupancy occurs at which time the balance shall be transferred to General PP&E.

2.5.2 General PP&E shall be capitalized when title passes to NASA. Title shall be considered to be passed when a government official accepts the property for the Agency. In the case of real property constructed for NASA, it shall be recorded in the general ledger as work-in-progress until the property is accepted to be placed in service by NASA, at which time the work in process balance will be capitalized as General PP&E. The government official accepting such property is normally the Contracting Officer, or that Officer's designated representative, who is responsible for notifying the Real Property Accountable

Officer of acceptance.

2.5.3 Capitalization of work-in-progress will not be delayed pending final acceptance of residual closeout work such as punch lists. At fiscal year-end, special care shall be taken to ensure that any assets meeting capitalization criteria are capitalized regardless of whether there are costs remaining to be paid. However, all appropriate costs including amounts later paid for vouchers and adjustments to vouchers unpaid at the time of acceptance will subsequently be included in the total cost of the asset since construction of real property is treated as a single event.

2.5.4 Accounting transactions affecting NASA-owned PP&E acquired prior to October 2007, whether NASA or contractor-held, shall be recorded in general ledger asset accounts using fund HSFP01995D. However, assets purchased or fabricated beginning in October 2007 using the unique capital asset WBS will use the fund associated with the purchase or fabrication of that unique capital asset.

2.5.5 PP&E Temporarily Not In Use. General PP&E that is no longer in use shall be treated as follows:

a. Inactive PP&E. When a General PP&E asset, whether equipment or real property, is temporarily removed from service/use due to its current inactive status with the expectation that the asset eventually will be returned to service or use, the asset's value shall not be removed from General PP&E accounts. It will remain on the General PP&E accounts and continue to be depreciated during the period of non-use.

b. Standby or Mothballed Real Property PP&E. Real Property in a standby and mothballed status are only inactive for a temporary period of time and should not be removed from the General PP&E account.

2.5.6 PP&E Permanently Not in Use. Other than the General PP&E addressed in Sections 2.5.5.a. and b. above, when an item of General PP&E is not in use and no longer provides service in the operations of the entity it shall be removed from General PP&E accounts along with associated accumulated depreciation/amortization. This includes abandoned General PP&E. The asset may have suffered damage, become obsolete in advance of expectations, or has been identified as excess. It shall be recorded in an appropriate asset account at its expected net realizable value. Any difference in the book value of the General PP&E and its expected net realizable value shall be recognized as a gain or a loss in the period of adjustment. The expected net realizable value shall be adjusted at the end of each accounting period and any further adjustments in value recognized as a gain or a loss. However, no additional depreciation/amortization shall be taken once such assets are removed from General PP&E in anticipation of disposal, retirement, or removal from service.

2.5.7 Borrowed or Loaned Equipment PP&E. Equipment PP&E loaned-in from other organizations is not recorded in NASA's financial records. Equipment PP&E loaned-out to other organizations without transfer of title no longer provides service in NASA's operations and shall be removed from their business area general ledger accounts. Equipment PP&E borrowed from another NASA Center is treated as a transfer between Centers. The loaning Center shall remove the equipment from their financial accounting system and general ledger accounts, while the borrowing Center shall record the equipment in their financial accounting system and general ledger accounts.

2.6 Depreciation

2.6.1 General. NASA General PP&E assets are those assets that have a recorded cost that meet NASA capitalization criteria--often called "capital assets" or "fixed assets." NASA General PP&E shall be capitalized and, with the exception of land and land rights of unlimited duration, shall be depreciated. Land rights that are for a specified period of time shall be amortized (depreciated) over that time period. Such capitalized amounts, as well as associated amounts of accumulated depreciation and depreciation expense, shall be reflected in NASA financial statements.

2.6.2 Method of Depreciation. NASA policy is that the straight-line method of depreciation using the mid-year convention must be used for all assets. Under the Mid-Year Convention Method, six months of depreciation is computed and expensed in the first and last year of an asset's useful life, regardless of the actual month the asset was placed in, or removed from, service.

2.6.3 Depreciable Basis. If the salvage value is 10 percent or less of the asset's cost, the salvage value is not considered material for purposes of calculating depreciation, and therefore, should not be considered when determining the depreciable basis. (In other words, if the salvage value is less than or equal to 10 percent of the asset's cost, the depreciable basis should be the same as the recorded cost.) Land is not subject to depreciation. Land rights that are for a specified period of time shall be amortized over the specified time period. When land and a building are purchased together, the depreciable basis for the building is the total purchase cost less the actual cost, or estimated value of the land.

2.6.4 Commencement of Depreciation. The event that triggers the calculation of depreciation is the date of receipt shown on the asset receiving document or the date installed and placed in service (regardless of whether it is actually used). In the case of constructed PP&E, the costs of constructing the PP&E shall be recorded as work-in-progress until it is placed in service, at which time the balance (total construction costs) shall be transferred to General PP&E. For real property assets, depreciation shall commence when the facility is placed in service, regardless of whether the facility is fully occupied or in use.

2.6.5 Excess of Useful Life. If an asset remains in use longer than its estimated useful life, it shall be retained in the property accountability or management system, as well as the accounting records, and reflect both its recorded cost and accumulated depreciation until disposition of the asset.

2.6.6 Calculation of Depreciation. Depreciation expenses shall be calculated based on the recorded cost less salvage value and divided equally among accounting periods during the asset's useful life based on recovery periods in Table 2-1 of this chapter. Salvage value will be used in the calculation only if it exceeds 10 percent of the cost of the asset.

2.6.7 Recovery Periods. Table 2-1 (below) prescribes the recovery periods (useful lives) that shall be used for depreciable General PP&E assets.

Table 2-1, NASA Recovery Periods for Depreciable General PP&E Assets

NASA RECOVERY PERIODS FOR DEPRECIABLE GENERAL PP&E ASSETS (Excludes Heritage Assets)	
Description of General PP&E Assets	Recovery Period
Agency-Peculiar Equipment	15 Years
Other Equipment	5 to 20 Years Depending on its nature
Buildings, Hangers, Warehouses, Fuel Storage Buildings, Air Traffic Control Towers, and Other Real Property Buildings	40 Years
Other Structures and Facilities	15 Years
Improvements to Leased Buildings and Other Real Property (Leasehold Improvements)	Remainder of Lease Period or 20 Years Whichever Is Less

Land Rights of Limited Duration	Over the Specified Duration
Internal Use Software	5 Years

2.7 Disposal

2.7.1 Other than the General PP&E addressed in Sections 2.5.5.a. and b. above, when an item of General PP&E is not in use and no longer provides service in the operations of the entity it shall be removed from General PP&E accounts along with associated accumulated depreciation/amortization. This includes abandoned General PP&E. The asset may have suffered damage, become obsolete in advance of expectations, or has been identified as excess. It shall be recorded in an appropriate asset account at its expected net realizable value. Any difference in the book value of the General PP&E and its expected net realizable value shall be recognized as a gain or a loss in the period of adjustment. The expected net realizable value shall be adjusted at the end of each accounting period and any further adjustments in value recognized as a gain or a loss. However, no additional depreciation/amortization shall be taken once such assets are removed from General PP&E in anticipation of disposal, retirement, or removal from service.

2.7.2 Contractors are required to provide data on the values of contractor-held PP&E not in use on the annual NASA Form 1018, Property in the Custody of Contractors and the monthly property reports submitted in NASA's Contractor Held Asset Tracking System (CHATS). These data are used to remove the value of contractor held PP&E not in use from NASA's asset accounts.

2.7.3 NASA owned PP&E in the custody of contractors determined to be surplus to the needs of NASA and other governmental agencies, may be disposed of in accordance with the provision of the FAR and NFS. The proceeds of any such sale will be credited to miscellaneous receipts, unless the contract or any subcontract there under authorizes credit of the proceeds to the cost or price of the work (40 U.S.C. 485(a)).

2.8 Documentation

2.8.1 Supporting Documentation. When recording the acquisition/construction cost of NASA General PP&E, the dollar value assigned to the asset shall be supported by appropriate documentation. Entries to record financial transactions in general ledger accounts and/or supporting subsidiary property accountability records must be supported by source documents that reflect all transactions affecting NASA's investment in the PP&E, including:

2.8.1.1 Acquisitions. All acquisitions, whether by purchase, transfer from other agencies, donation, or other means, must be fully documented. The following documents, at a minimum and when applicable, shall be available to support the changes in asset value or physical attributes as a result of new acquisition or capital improvement:

a. Final bid documents;

b. Contract or Other Legal Instrument (i.e., Lease);

c. Contract Modifications or Change Orders;

d. Signed acceptance document by NASA;

e. Material Inspection and Receiving Report;

f. Invoices or other approved cost reports to support PP&E purchased and amount accumulated in WIP accounts;

g. Transfer documents for transferred assets;

h. Appraisal results for donated assets.

2.8.1.2 Disposals. All disposals or retirements must be fully documented when the PP&E leaves the custody of NASA or Component Facility. The following supporting documentation is required, as applicable, to provide an adequate audit trail for the disposal of a real property asset. The execution of certain disposal events will generate financial or administrative accountability transactions.

a. Declaration of excess document;

b. Approval documentation (to include disposal of land);

c. Original acquisition documents;

d. Legal instruments (such as a deed or contract) to indicate legal obligation to dispose of an asset;

e. Document showing the disposal start date;

f. Receipt documentation;

g. Transfer documents for transferred assets or as otherwise stated.

2.9 Financial Records Retention

2.9.1 NASA Centers, Component Facilities and Headquarters offices must maintain complete records on the cost and accountability of all capitalized assets under their control. In particular, Center CFO's must maintain documentation that supports the recorded cost and associated depreciation for each NASA owned real property asset under the Center's control. Centers must maintain this documentation at the Center for the life of the asset and then for three fiscal years after disposal or transfer of the asset.

2.9.2 Center's are required to maintain auditable documentation for each capitalized asset that supports:

a. The cost of each real property asset recorded in the official accounting system;

b. The date the asset was placed into service;

c. The asset's useful life;

d. The cost any subsequent capital improvements;

e. The calculation of any depreciation recorded at the Center level;

f. The valuation change recorded at the time of disposal, or transfer.

2.9.3 Examples of documents that must be maintained in the official financial records for real property:

a. Copy of purchase document/invoice/acquisition;

b. Copy of settlement agreement that includes cost and date of purchase/transfer, date placed in service;

c. Date ownership transferred; and

d. Identification of useful life of the asset in order to calculate depreciation.

2.10 Environmental Liabilities Related to PP&E.

2.10.1 For environmental/cleanup costs liability associated with removing, containing and/or disposing of PP&E, please refer to NPR 9260.1, "Environmental and Other Contingent Liabilities."

2.11 Continuous Monitoring Program (CMP).

2.11.1 For detailed verification, reconciliation and validation of NASA owned NASA- held and NASA owned contractor-held PP&E, please refer to the specific control activities in described in the NASA Continuous Monitoring Program.

Chapter 3. Real Property

3.1 Overview

3.1.1 This chapter prescribes accounting policies for real property.

3.2 Roles and Responsibilities

3.2.1 Center Chief Financial Officer shall:

a. Exercise the responsibilities enunciated in Chapter 1, Section 1.2.4 of this NPR and the policies prescribed in this chapter to ensure that adequate financial controls are in place and financial records and reports accurately reflect the status of real property under the cognizance of the Center. Their responsibilities also include maintaining close liaison with property management and other personnel concerned with real property to provide assurance that values reported are accurate.

b. Quarterly, conduct a review with the Center Real Property Official to determine the physical completion status of individual facilities projects.

c. Maintain financial records for each capital facility project in progress.

d. Maintain the original of the completed NASA Form 1739, Alternative Future Use Questionnaire (AFUQ).

e. Ensure that all completed capital facility projects are capitalized upon beneficial occupancy, if it meets the capitalization criteria.

f. Ensure that accounting system data is reconciled to real property records. Reconciliation shall be documented and work papers maintained in a file for review by auditors and submission to Headquarters as part of the Continuous Monitoring Program (CMP).

3.2.2 Project Manger shall:

3.2.2.1 Prior to the beginning of a project:

a. Inform the Agency Office of the Chief Financial Officer (OCFO) Property Branch of any real property acquisition strategy meetings.

b. Complete and submit to the Center OCFO Property Branch the AFUQ for to identify the accounting treatment for real property assets acquired under the project.

c. Create a unique Work Breakdown Structure (WBS) element, or elements, within the project WBS structure, for the capitalized real property identified through the NASA Form 1739, Alternative Future Use Questionnaire (AFUQ) for property acquired/constructed, whether NASA or contractor-held.

d. Project Managers must request that the applicable asset attribute indicator be set in Metadata Manager (MdM) for each NASA Property, Plant and Equipment (PP&E) WBS element.

e. Develop, in conjunction with the Center Chief Financial Officer (CFO), Center Deputy Chief Financial Officer (DCFO) and resource management and procurement personnel, the financial management reporting requirements and instructions.

f. Accumulate costs of each capitalized real property in its associated unique WBS element, and reporting category.

3.2.2.2 Once the Project is underway:

a. Review contractor requests for approval to purchase/construct real property to determine if the purchase and/or construction meets the capitalization criteria and notify the Contracting Officer of their concurrence via electronic mail or in writing, specifying the unique WBS element for each item of capitalized real property.

b. Update and submit to the Center OCFO a revised NASA Form 1739, AFUQ whenever the circumstances or information described on the previous NASA Form 1739 change.

c. Create a unique WBS element within the project WBS structure for each real property that meets the capitalization criteria, whether NASA or contractor-acquired, and provide those as separate reporting categories (typically on the NASA Form 533, Monthly Contractor Financial Management Report, in the case of cost contracts) or as separate contract line item numbers (CLINS) (in the case of FFP contracts) to the Contracting Officer for inclusion in existing contracts.

3.2.3 The Office of Procurement shall:

a. After the contract award, review for approval all contractor requests to purchase and/or fabricate PP&E which the Government will have title to in accordance with NFS 1845.103-70, and forward approved requests with an expected acquisition cost equal to or greater than $100,000 to the Center Deputy Chief Financial Officer (DCFO) (NFS 1845.103-70).

b. After the contract award, for contracts requiring financial management and cost reporting, ensure that contractors report approved PP&E purchases and/or fabrications that have been determined to meet the capitalization criteria as separate line items (as initially established in the contract). This will support the capture of work in progress costs necessary for Agency Financial Reporting. The cost to the government for capital assets acquired through firm fixed price contracts will be obtained from the invoice, and/or progress payments, or other interim payment information (NFS Subpart 1842.72 and NPD 9501.2D, "NASA Contractor Financial Management Reporting").

c. In consultation with the Real Property Accountable Officer, furnish information to identify costs applicable to construction work in progress.

3.2.4 The Center Real Property Accountable Officer shall:

a. In consultation with the Center Facility Utilization Officer or Facility Utilization Board, notify the Center CFO/Center DCFO for Finance (DCFO)(F) when real property for which the Center is accountable (including contractor-held real property) is no longer being used for NASA purposes.

b. Maintain detailed documentation/record of real property in accordance with NPR 8800.15.

c. Assist the Center CFO/DCFO(F) as requested, with the reconciliation of real property reports to the accounting system.

3.3 Classification and Identification

3.3.1 Individual items of real property shall be categorized into one of the following classes of real property:

a. Land and land rights.

b. Improvements to land

c. Buildings, improvements, and Renovations.

d. Other structures and facilities.

e. Leasehold Improvements.

3.3.2 As part of NASA's efforts to appropriately account for its assets and its expenses, NASA requires that the Capital Asset Identification Questionnaire, NASA Form 1739, be completed for all NASA infrastructure and institutional projects. The purpose of this form is to determine the appropriate accounting treatment for each individual asset acquired during the course of an infrastructure and institutional project. If an individual asset meets these criteria, then it must be capitalized, and a unique WBS element, or elements, within the project WBS structure must be established for that unique item.

3.3.3 Construction in Progress.

3.3.3.1 Procedures should be established to ensure that a collective decision is made by the Center real property and financial management offices, at the outset of work, as to the nature of the work and its proper accounting treatment, i.e., items to be capitalized are assigned a unique Work Breakdown Structure, costs of repairs and maintenance are expensed and not included in work in progress (WIP), capital costs are accumulated in work in progress until the asset is completed and that AFUQ is prepared. This analysis should extend to individual tasks where necessary, since some work under a particular contract or work order may be of a capital nature and other work may not.

3.3.3.2 Procedures shall ensure that the costs of facilities projects are capitalized in accordance with Chapter 2 of this NPR and the related amounts removed from work in progress. A review of the physical completion status of individual facilities projects shall be conducted with Center real property officials sufficiently in advance of the end of each quarter of the fiscal year, so that necessary entries can be made to properly reflect their current status.

3.3.4 Center CFO/Center DCFO(F)s are responsible for identifying costs to be capitalized and maintaining financial records for each capital facility project in progress. These records are the source for entries to the general ledger work in progress accounts.

3.3.5 Costs will be recorded in accordance with NASA Procedural Requirements 9060.1, Cost Accruals. Facility projects meeting the requirements for work in progress should be separately identified in the accounting system through job orders, contract numbers or a work order system.

3.3.6 The Contracting Officer or his/or her Technical Representative, in consultation with the Real Property Accountable Officer, is responsible for furnishing information to identify costs applicable to construction work in progress.

3.4 Capitalization Criteria

3.4.1 NASA will capitalize individual items of real property which:

a. Have a unit acquisition cost of $100,000 or more;

b. Have an estimated useful life of two years or more, and;

c. Have been acquired or constructed with the intention of being used, or being available for use by the Agency.

3.4.2 Collateral Equipment.

3.4.2.1 Collateral equipment includes building-type equipment, built-in equipment, and large substantially affixed equipment, normally installed as a part of a facility project, whether it is original facility construction or modification. Such a project is considered a single event (see Chapter 2, Section 2.3.3 of this NPR).

3.4.2.2 Collateral equipment is not severable and is considered part of the facility project through which it is installed. The cost of collateral equipment which is part of such a project, therefore, shall be included in the value of the project in making the determination as to whether the project meets the capitalization criteria. If it is a capital project, the value of the collateral equipment will be included in the capitalized value. The cost of replacements of the collateral equipment or collateral equipment added to an existing facility will be treated as either a capital improvement or maintenance, depending on the circumstances (see Chapter 2, Sections 2.3.4 and 2.3.5 of this NPR).

3.4.2.3 Non-collateral equipment, when acquired and used in a facility or test apparatus, can be severed and removed after construction without substantial loss of value or damage to the equipment or the premises where it is installed. Each such item shall be considered separately in relation to the capitalization criteria.

3.4.3 Modifications. All modifications that meet the capitalization threshold for real property and (1) extend the useful life of the existing real property, or (2) enlarge, improve, or enhance its capacity will be capitalized and depreciated as follows:

3.4.3.1 Real Property Not Fully Depreciated. Modifications to Real Property that is not fully depreciated will be added to the capitalization value of the existing real property and will be depreciated over the remaining useful life of the original asset.

3.4.3.2 Real Property Fully Depreciated. Modifications to Real Property that is fully depreciated will be capitalized individually and depreciated over 1/2 of the useful life of the original assets useful life. Therefore, modifications to buildings that are fully depreciated will be depreciated over 20 years, which is equal to 1/2 of the useful life of Buildings - 40 years; and modifications to Other Structures and Facilities that are fully depreciated will be depreciated over 7.5 years, which is equal to 1/2 of the useful life of Other Structures and Facilities - 15 years.

3.4.4 The cost of NASA-owned buildings and other structures and facilities and related improvements located on land not owned by NASA will be included in Buildings, Improvements, and Renovations (1730.0100) or Other Structures and Facilities (1740.0100) as appropriate.

3.4.5 The cost of facilities constructed by or through foreign governments or in foreign countries under NASA contracts will be capitalized in accordance with the title rights contained in formal agreements.

3.4.6 Real Property Not In Use.

3.4.6.1 As required by SFFAS No. 6, real property not in use by NASA will be removed from the asset accounts. The Center Real Property Accountable Officer, in consultation with the Center Facility Utilization Officer or Facility Utilization Board, shall notify the DCFO(F) when real property for which the Center is accountable (including contractor-held real property) is no longer being used for NASA purposes. Based upon this notice, the Center CFO/Center DCFO(F) shall remove the capitalized cost of the real property from the accounting records.

3.4.6.2 Real Property in a standby or mothballed status that is inactive for only a temporary period of time should not be removed from the real PP&E accounts. Real PP&E in an abandoned status is permanently inactive and should be removed from the general PP&E accounts along with the associated accumulated depreciation. For definitions of standby, mothballed, and abandoned PP&E, please refer to Chapter 2, Section 2.5.5 of this NPR.

3.4.7 Unrecorded Real Property.

3.4.7.1 When it is determined that real property is found on a station and not recorded in the NASA Real Property Inventory (NRPI) System, NASA Headquarters OCFO Property Branch, Center Real Property Officer (RPO) and the appropriate Center Property Accountant should be involved in the resolution process.

3.4.7.2 The Center should attempt to locate the real property acquisition documents to determine acquisition date and if property meets standard capitalization criteria to establish a basis for depreciation. If acquisition documents are located, ensure the property is tagged and recorded in the NRPI using the original acquisition date and original cost.

3.4.7.3 If acquisition documentation cannot be found for unrecorded real property, the property will need to be valued based on comparable items purchased using a comparable time period and estimated date of beneficial usage or occupancy. If comparable documents are not available, request an engineering estimate even if it appears the real property has exceeded its useful life. The costs of these items need to be included in our financial statements to reflect the actual cost of real property (structures, facilities and leasehold improvements).

3.4.7.4 As a minimum, the engineering estimate should include construction year (when applicable), acquisition date, acquisition cost and type of asset.

3.4.7.5 Unrecorded real property will be recorded as a new acquisition or capital improvement based on determination of Center property accountant and supporting documents. The rules for non-severable and severable property apply.

3.5 Valuation and Recognition

3.5.1 Recognition.

3.5.1.1 Construction in Progress. In the case of real property constructed for NASA, it shall be recorded in the general ledger as construction work-in-process (WIP) until the property is accepted to be placed in service by NASA.

3.5.1.2 Beneficial Occupancy. The date the facility is accepted for use is known as the beneficial occupancy date. Capitalization of construction work-in-progress will not be delayed pending final acceptance of residual closeout work such as punch lists. On the beneficial occupancy date, the construction WIP balance will be capitalized as General PP&E. All amounts later paid for vouchers and adjustments to vouchers unpaid at the time of acceptance will subsequently be included in the total cost of the asset since construction of real property is treated as a single event. The government official accepting such property is normally the Contracting Officer, or that Officer's designated representative, who is responsible for notifying the Real Property Accountable Officer of acceptance.

3.5.1.3 Year End. At fiscal year-end, special care shall be taken to ensure that any assets meeting capitalization criteria, including beneficial occupancy, are capitalized in the amount of the costs incurred up to that time regardless of whether any of those costs remain unpaid.

3.5.2 Valuation.

3.5.2.1 NASA Fabricated or Purchased Real Property.

3.5.2.1.1 The total cost of each single item of real property should be used to determine whether it meets the capitalization criteria, regardless of when payment was made.

3.5.2.1.2 If a building is accepted prior to the end of the fiscal year, meets the capitalization criteria, and is capitalized, any related remaining cost paid in the next fiscal year will be included in the capitalized value.

3.5.2.1.3 If an item does not meet the capitalization threshold at the end of the fiscal year, but related remaining costs paid the next fiscal year result in the total cost of the asset meeting the capitalization threshold, the entire cost of the asset should be capitalized in the next fiscal year (assuming the other capitalization criterion are met).

3.5.2.1.4 Real property purchased or fabricated using the unique capital asset WBS will use the fund associated with that unique capital asset WBS and costs will be accumulated for capitalization with journal vouchers prepared by the property accountants.

3.5.2.1.5 Each real property acquisition, addition, improvement, alteration, rehabilitation, or replacement that meets the capitalization criteria will be treated as a single event. The total cost of a project, i.e., a building, will be considered a single event regardless of whether the work was performed on multiple contracts.

3.5.2.2 Donated Real Property. When NASA acquires real property by donation, device or judicial process excluding forfeiture, the cost to be recorded shall be estimated fair value at the time of acquisition. Real property acquired by donation which meets the capitalization criteria will be recorded in the appropriate asset account at estimated fair value at the time acquired by NASA.

3.5.2.3 Real Property Transfers-in From Another Federal Agency.

3.5.2.3.1 Without Reimbursement. When real property is transferred from other federal entities to NASA without reimbursement, the amount recorded shall be the acquisition cost less accumulated depreciation recorded by the transferor, if the capitalization criteria are met. If the value cannot be reasonably estimated, the real property shall be recorded at its fair value at the time of transfer, if the fair market value is $100,000 or more. The date the transferor originally acquired the real property should be obtained for calculation of depreciation. If the original date of acquisition cannot be obtained, it shall be estimated in coordination with appropriate Center technical and property officials.

3.5.2.3.2 With Reimbursement. When real property is transferred from other federal entities with reimbursement to the transferor, the amount recorded shall be amount of reimbursement to the transferor, if it meets the capitalization criteria.

3.5.2.3.3 Transfer of real property between NASA Centers. Real property transferred to another NASA Center will be the recorded as a decrease to the asset accounts of the transferring Center and an increase to the asset accounts of the receiving Center. The amount recorded will be the capitalized cost and accumulated depreciation as previously maintained in the books of the transferring Center.

3.6 Depreciation

3.6.1 Depreciation Method. NASA uses the straight line depreciation method for all real property. Table 2-1 in Chapter 2 of this NPR contains the expected useful life for each of the various types of PP&E.

3.6.2 Change in Useful Life. Estimates of the remaining useful lives of real property should consider factors such as physical wear and tear and technological changes. Procedures should be established to periodically evaluate any such possible changes. In accordance with SFFAS No. 6, any changes in estimated useful life or salvage/residual value shall be treated prospectively. The remaining book value shall be depreciated over the revised remaining life of the asset on a straight-line basis. The change shall be accounted for in the period of the change and future periods. No adjustments shall be made to previously recorded depreciation or amortization.

3.7 Disposal

3.7.1 Transfer Out to Another Federal Agency. The transfer of capitalized real property to other Federal agencies will be recorded as a reduction to the asset accounts for the recorded value of the real property. When real property has been declared excess (excluding property in foreign countries) and accountability transferred to another Federal agency, reimbursements related to the transfer will be deposited to Special Fund Account 805005.2 (Land and Water Conservation Fund), through September 30, 2015.

3.7.2 Sale or Transfer to a Non-Federal Entity. When real property has been declared excess (excluding property in foreign countries) and title has been transferred to a non-governmental entity, reimbursements related to the transfer will be deposited to Special Fund Account 805005.2 (Land and Water Conservation Fund), through September 30, 2015, and will be recorded as a reduction to the asset accounts for the recorded value of the real property.

3.7.3 Property in Foreign Countries. Proceeds from sales of surplus real property in foreign countries will be deposited to Account 803220, General Fund Proprietary Receipts, Not Otherwise Classified.

3.8 Financial Controls

3.8.1 Real Property Accounts. Capitalized real property will be classified under the following accounts listed in Table 3-1 Real Property Accounts and Titles:

Table 3- 1, Real Property Accounts and Titles

Account Number	Account Title
1711.0100	Government Owned Government Held Land and Land rights
1711.0200	Government Owned Contractor Held Land and Land rights
1712.0100	Government Owned Government Held Improvements to Land
1712.0200	Government Owned Contractor Held Improvements to Land
1719.0100	Government Owned Government Held Accumulated Depreciation on Improvements to Land
1719.0200	Government Owned Contractor Held Accumulated Depreciation on Improvements to Land
1720.0100	Government Owned Government Held Construction-in-Progress
1720.0200	Government Owned Contractor Held Construction-in-Progress
1730.0100	Government Owned Government Held Buildings, Improvements, and Renovations
1730.0200	Government Owned Contractor Held Buildings, Improvements, and Renovations

1739.0100	Government Owned Government Held Accumulated Depreciation on Buildings, Improvements, and Renovations
1739.0200	Government Owned Contractor Held Accumulated Depreciation on Buildings, Improvements, and Renovations
1740.0100	Government Owned Government Held Other Structures and Facilities, and Facilities
1740.0200	Government Owned Contractor Held Other Structures and Facilities, and Facilities
1749.0100	Government Owned Government Held Accumulated Depreciation on Other Structures
1749.0200	Government Owned Contractor Held Accumulated Depreciation on Other Structures
1820.0100	Government Owned Government Held Leasehold Improvements
1820.0200	Government Owned Contractor Held Leasehold Improvements
1829.0100	Government Owned Government Held Accumulated Amortization on Improvements Leasehold
1829.0200	Government Owned Contractor Held Accumulated Amortization on Improvements Leasehold

Chapter 4. General Equipment

4.1 Overview

4.1.1 This chapter sets forth the accounting standards and policies related to NASA's general equipment to assure compliance with statutory and regulatory requirements. These requirements ensure financial control over NASA owned general equipment, both NASA held and/or contractor held.

4.1.2 This chapter applies to all NASA owned and, NASA owned Contractor-held general equipment as well as equipment acquired or furnished under NASA grants and cooperative agreements with educational institutions and non-profit organizations. Contractor-held equipment is NASA owned equipment in the possession of a contractor, and includes NASA furnished equipment, contractor-acquired equipment and contractor fabricated equipment.

4.2 Roles and Responsibilities

4.2.1 Agency Office of the Chief Financial Officer shall:

a. Exercise the responsibilities enunciated in Section 1.2.3 of Chapter 1 of this NPR as it pertains to the identification, capturing of the costs through work breakdown structure (WBS) and other means, and reporting of the costs of NASA-owned and held and Contractor-held general equipment.

4.2.2 Center Chief Financial Officer and Deputy Chief Financial Officer shall:

a. Exercise the responsibilities enunciated in Chapter 1 of Section 1.2.4 of this NPR and the policies prescribed in this chapter to ensure that adequate financial controls are in place and financial records and reports accurately reflect the status of general equipment under the cognizance of the Center. Their responsibilities also include maintaining close liaison with property management and other personnel concerned with general equipment to provide assurance that values reported are accurate.

b. Be responsible for capturing and capitalizing the actual costs of NASA-Owned NASA-Held and NASA-Owned Contractor-Held Equipment in the accounting system for financial reporting purposes.

4.2.3 Center Property Accountant shall:

a. The Property Accountants utilize the financial accounting system to update the asset master records.

b. The Property Accountants also prepare and submit monthly reports to the NASA Headquarters, Office of the CFO, Property Branch.

c. As part of the Continuous Monitoring Program monthly reporting process, the property accountants reconcile equipment master records with those recorded in the general ledger for the equipment account(s).

4.2.4 NASA Agency Office of the CFO Property Branch shall:

a. Validates totals for equipment on Center asset management reports to the general ledger and;

b. Calculates and reports depreciation expense for equipment.

4.3 Classification and Identification

4.3.1 General equipment can be classified into collateral and non-collateral depending on the nature of the attachment of the equipment to and severability from a facility project.

4.3.2 Collateral equipment is not severable and is considered part of the facility project through which it is installed. Examples of collateral equipment include building type equipment, built-in equipment, and large substantially affixed equipment, normally installed as a part of a facility project, whether it is original facility construction or modification. Such a project is considered a single item.

4.3.3 Non-collateral equipment, when acquired and used in a facility or test apparatus, can be severed and removed after construction without substantial loss of value or damage to the equipment or the premises where it is installed.

4.4 Capitalization Criteria

4.4.1 The cost of collateral equipment which is installed as part of a facility project shall be included in the value of the project in making the determination as to whether the project meets the capitalization criteria described in Chapter 2, Section 2.3 of this NPR.

4.5 Valuation and Recognition

4.5.1 Recognition.

4.5.1.1 General Equipment shall be capitalized when title passes to NASA. Title shall be considered to be passed when a cognizant NASA official accepts the property for the Agency.

4.5.1.2 Capitalization of construction work in progress will not be delayed pending final acceptance of residual closeout work such as punch lists. At fiscal year end, special care shall be taken to ensure that any equipment meeting capitalization criteria are capitalized regardless of whether there are costs remaining to be paid.

4.5.2 Valuation.

4.5.2.1 If general equipment is taken delivery by and accepted by a NASA official prior to the end of the fiscal year, meets the capitalization criteria, and is capitalized, any related remaining cost paid in the next fiscal year will be included in the capitalized value.

4.5.2.2 If an item does not meet the capitalization threshold at the end of the fiscal year, but related remaining costs paid the next fiscal year result in the total cost of the asset meeting the capitalization threshold, the entire cost of the asset should be capitalized in the next fiscal year (assuming the other capitalization criteria are met).

4.6 Depreciation

4.6.1 Depreciation Method. NASA policy is that the straight-line method of depreciation method using the mid-year convention must be used for all assets. Under the Mid-Year Convention Method, six months of depreciation is computed and expensed in the first and last year of an asset's useful life, regardless of the actual month the asset was placed in, or removed from, service.

4.6.2 Table 2-1 in Chapter 2 of this NPR contains the expected useful life for each of the various types of PP&E.

4.6.3 Change in Useful Life. Estimates of the remaining useful lives of general equipment should consider factors such as physical wear and tear and technological changes. Procedures should be established to periodically evaluate any such possible changes. In accordance with SFFAS No. 6, any changes in estimated useful life or salvage/residual value shall be treated prospectively. The remaining book value shall be depreciated over the revised remaining life of the asset on a straight-line basis. The change shall be accounted for in the period of the change and future periods. No adjustments shall be made to previously recorded depreciation or amortization.

4.7 Disposition

4.7.1 Exchange/Sale.

4.7.1.1 Items may be sold and the proceeds applied in whole or partial payment for similar item replacements. FPMR 101-46.302 states that proceeds from sales of equipment disposed of in accordance with the exchange/sale authority in FPMR Part 101-46 must be accounted for in accordance with the General Accounting Office, Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, "Fiscal Procedures, Section 5.5D." The guidance provides that all proceeds from the sale of equipment and materials will be available during the fiscal year in which the property was sold and for one fiscal year thereafter for obligation for the purchase of replacement property.

4.7.1.2 The disposition of funds collected from the sale of equipment shall be as follows:

a. If it is determined at time of collection that the funds will not be used to purchase a replacement item, the funds shall be deposited to Account 803220, General Fund Proprietary Receipts, Not Otherwise Classified.

b. If it is determined at time of collection that the funds will be used to fund the replaced item, the funds shall be deposited in 80F3845 (Clearing Account Proceeds of Sales, Personal Property).

4.7.1.3 In this case, a Refund Agreement will be established for the amount of the funds collected from sale of the equipment. The agreement funds a portion of the replacement purchase up to the amount collected from the sale of the old equipment. After payment is made for the equipment, the collection deposited in Account 80F3845 is transferred for refund to the procuring appropriation. The portion of the clearing account applicable to replacement purchases should be reviewed on a quarterly basis by the Deputy Chief Financial Officer (Finance) (DCFO)(F) office; funds identified as not being used for replacement purchases shall be transferred to Account 803220, General Fund Proprietary Receipts, Not Otherwise Classified.

4.8 Financial Controls

4.8.1 The following general Ledger Accounts listed in Table 4-1 are applicable to General Equipment and will be posted to those accounts using Asset Accounting T-Codes in SAP.

Table 4-1

Account Number	Account Title
1720.1000	Asset Under Construction - Equipment
1750.1000	Equipment
1759.1000	Accumulated Depreciation - Equipment
5720.2000	Financing Sources - Property Transferred in Without
5730.2000	Financing Sources - Property Transferred out Without
6610.1000	Cost Offset - Assets
6710.1000	Depreciation, Amortization, Depletion Expense

Chapter 5. Internal Use Software

5.1 Overview

5.1.1 This chapter prescribes accounting policies and procedures for NASA internal use software (IUS). When accounting treatment for specific circumstances is not discussed in this chapter, reference should be made to Statements of Federal Financial Accounting Standards (SFFAS) No. 10, Accounting for Internal Use Software, for guidance.

5.2 Roles and Responsibilities

5.2.1 Center Chief Financial Officer (CFO)/Deputy Chief Financial Officer (Finance) (DCFO)(F). The Center DCFO is responsible for:

a. Identifying actual costs to be capitalized for internal use software;

b. Maintaining financial records (including supporting documentation) for each software project in progress and operational;

c. Preparing and submitting monthly NASA Software Capitalization Cost Reports to Agency Office of the Chief Financial Officer (OCFO), Property Branch;

d. Posting the internal use software asset activity in the financial accounting system, as well as the calculation and reporting of depreciation of internal use software.

5.2.2 Agency OCFO, Property Branch. Is responsible for:

a. Reviewing the NASA Software Capitalization Cost Report submitted by the Centers for accuracy and supporting documentation.

b. Recording internal use software that is used at the agency level.

5.3 Identification

5.3.1 If internal use software acquisition or development meets the capitalization criteria of $1,000,000 or more in cost and has an expected useful life of 5 years, its cost shall be tracked and the asset identified through the establishment of a unique WBS. NASA WBS asset attribute for software will be assigned in Metadata Manager (MdM) to capture the cost of software and for reporting purpose.

5.4 Capitalization Criteria

5.4.1 Internal Use Software. Software must be capitalized when all of the following conditions are met:

a. Purchased commercially "off-the-shelf," internally developed, or contractor-developed solely to meet NASA's internal needs.

b. Operated in a stand-alone mode and is not integrated or necessary to operate hardware or equipment.

c. Used to operate NASA's programs (i.e., financial and administrative software including that used for project management); or to support multiple NASA missions (i.e., communication software designed to support multiple missions). This would be software developed independently of a mission (i.e., not a part of the mission).

d. Total projected cost is $1,000,000 or more.

e. Expected useful life is 5 years.

5.4.2 Internal Use Software Phases.

5.4.2.1 NASA will expense all costs incurred during the Formulation Phase of the life cycle for internal use software as Research and Development (R&D) costs. NASA will also expense all costs during the Operational Phase, which begins when final acceptance testing has been successfully completed.

5.4.2.2 NASA will capitalize costs incurred during the software development (Implementation Phase) phase of the life cycle for internal use software. Internal use software's capitalized costs are accumulated as work in process until final acceptance testing has been successfully completed. Once completed, the costs are transferred to PP&E, with amortization expense recognized on a periodic basis. Software costs associated with terminated projects and or subprojects shall be expensed.

5.4.2.3 NASA shall not capitalize:

a. Software developed as part of a research effort (i.e. algorithm).

b. Software integrated into and necessary to operate a NASA asset. Such software should not be capitalized separately but as part of the asset in which it is integrated.

c. Software NASA does not own outright or for which NASA does not own a lease to operate (such as software provided through the Outsourcing Desktop Initiative for NASA (ODIN) contract).

d. Data conversion, maintenance, and training costs.

e. Costs incurred solely to repair a design flaw in software.

f. Costs incurred to develop "free software" to be released to the public or other Federal agencies for purposes of advancing scientific and technological knowledge.

5.5 Valuation

5.5.1 For internally developed software, capitalized cost should include the cost incurred during the software development stage. Such cost should be limited to cost incurred after:

a. Management authorizes and commits to a computer software project and believes that it is more likely than not that the project will be completed and the software will be used to perform the intended function with an estimated service life of 5 years.

b. The completion of conceptual formulation, design, and testing of possible software project alternatives (the preliminary design stage).

5.5.2 Capitalized costs include those for new software (i.e., salaries of programmers, systems analysts, project managers, and administrative personnel; associated employee benefits; outside consultants' fees; rent; and supplies) and documentation manuals.

5.5.3 For COTS software, capitalized cost should include the amount paid to the vendor for the software. For contractor-developed software, capitalized cost should include the amount paid to a contractor to design, program, install, and implement the software. Material internal cost incurred by the Federal entity to implement the COTS or contractor-developed software and otherwise make it ready for use should be capitalized.

5.5.4 Computer software that is integrated into and necessary to operate general PP&E, rather than perform an application, should be considered part of the

PP&E of which it is an integral part and capitalized and depreciated accordingly (i.e., airport radar and computer-operated lathes). The aggregate cost of the hardware and software should be used to determine whether to capitalize or expense the costs.

5.5.5 With regard to costs incurred for enhancements to existing internal use software, the Federal Accounting Standards Advisory Board (FASAB) specifies the following in SFFAS No. 10:

5.5.5.1 The acquisition cost of enhancements to existing internal use software (and modules thereof) should be capitalized when it is more likely than not that they will result in significant additional capabilities.

5.5.5.2 The cost of minor enhancements resulting from ongoing systems maintenance should be expensed in the period incurred.

5.5.5.3 Costs incurred solely to repair a design flaw or to perform minor upgrades that may extend the useful life of the software without adding capabilities should be expensed.

5.5.6 Material expenditures that add capability or functionality are capitalized while expenditures that result in extending useful life are expensed.

5.5.7 Costs incurred after final acceptance testing has been successfully completed should be expensed. The likely types of costs that can be incurred during the Post-Implementation/Operational phase are associated with the following:

a. Operate the software, undertake preventive maintenance, and provide ongoing training for users;

b. Convert data from the old to the new system;

c. Undertake post-implementation review comparing asset usage with the original plan;

d. Track and accumulate lifecycle costs and compare it with the original plan. All data conversion costs incurred for internally developed, or COTS software should be expensed as incurred, including the cost to develop or obtain software that allows for access or conversion of existing data, reconciliation or balancing data, and the creation of new/additional data.

5.5.8 Software integrated into and necessary to operate an asset is to be capitalized as part of the asset in which it is integrated.

5.5.9 Modules of a software project are amortized when the module has been successfully tested. If a module is dependent on the completion of another module, amortization begins when both modules have been successfully tested.

5.5.10 The acquisition cost of enhancements to existing internal use software (and modules thereof) is capitalized when it is more likely than not that the enhancements will result in significant additional capabilities.

5.5.11 For software bundled products and services the capitalizable and non-capitalizable costs of the package are allocated among individual elements on the basis of a reasonable estimate of their relative fair values.

5.5.12 The standard establishes the following principles for expensing costs of internal use software:

5.5.12.1 Data Conversion. Data conversion costs incurred for internally developed, contractor-developed, or COTS software are expensed as incurred, including the cost to develop or obtain software that allows for access or conversion of existing data to the new software. Such costs may include the purging or cleansing of existing data, reconciliation or balancing of data, and the creation of new or additional data.

5.5.12.2 Training Costs. Training costs incurred for internally developed, contractor-developed, or COTS software are expensed as incurred, except training costs incurred to make the software initially implementable and ready for use. Training costs incurred to make the software initially implementable and ready for use will be added to the cost of the software and capitalized, if it meets the capitalization criteria.

5.5.12.3 Minor Enhancements. The cost of minor enhancements resulting from ongoing systems maintenance and costs incurred solely to repair a design flaw are expensed.

5.5.12.4 Minor Upgrades. The costs of minor upgrades that may extend the useful life of the software without adding capabilities are expensed.

5.5.13 For the accounting and reporting of software licenses, NASA has adopted the FASAB's suggestion in Paragraph 67 of SFFAS No. 10 that lease accounting concepts and the entity's policy for capitalization thresholds be applied. If the license agreement meets one or more of the following criteria and NASA's software capitalization threshold, it is considered a capital lease:

a. The lease transfers ownership of the software to NASA by the end of the lease term.

b. The lease contains an option to purchase the leased software at a bargain price.

c. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased software. This must be equal to or greater than the present value of the software license payments.

d. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased software. To evaluate this criterion, determine the purchase price of the software and multiply it by 90 percent. This amount must be equal to or greater than the present value of the software license payments (if it is a standard COTS various sources could be used to provide the list price for the software package).

e. Note: The last two criteria (c. and d.) are not applicable if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased PP&E. The rental of space from General Services Administration (GSA) does not qualify as leased PP&E subject to capitalization.

5.5.14 The following software costs must be captured for capitalization purposes:

5.5.14.1 Bundled Products and Services. Allocate the capitalizable and non-capitalizable cost of the package among the individual elements on the basis of a reasonable estimate of their relative fair values. For example, training, maintenance, or data conversion elements included in the package should be expensed; the software package, software implementation, installation and testing elements should be capitalized.

5.5.14.2 Contractor Developed Software. The amount paid to a contractor during the Implementation Phase, and material internal costs incurred by NASA to implement the software and otherwise make it ready for use, up through acceptance testing.

5.5.14.3 Internally Developed Software. The cost incurred through acceptance testing.

5.5.14.4 COTS Software. The amount paid to the vendor for the software (purchase or lease) and material internal costs incurred by NASA to implement the software and otherwise make it ready for use through acceptance testing.

5.5.15 Software Developed in Modules. Software developed in modules (including pilots) should be accounted for as follows:

5.5.15.1 If the modules are implemented and operated independently, the software shall be accounted for based on the cost and expected useful life of each module. The useful life of independently implemented software starts on the date the software becomes operational.

5.5.15.2 If the modules are inter-dependent, the costs and lifecycle shall be the combined cost and life of the modules, which must be implemented together.

5.5.16 Bulk Purchase. Bulk purchases of the same software acquired under the same contract shall be accounted for as a group. If the same software package is purchased under two or more contracts, costs shall be accounted for and thresholds applied separately. Software acquired through separate contracts shall be accounted for separately.

5.5.17 Software Licenses. Multi-year licenses are capitalized if the total projected cost is $1,000,000 or more, and the expected useful life of the software is 5 years.

5.5.18 Capital Lease Software. If the license agreement meets one or more or the following criteria stipulated below and meets NASA's software capitalization threshold, it is considered a capital lease.

a. The lease transfers ownership of the software to NASA by the end of the lease term.

b. The lease contains an option to purchase the leased software at a bargain price.

c. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased software (i.e., useful life is 4 years and lease term is 3 or more years).

d. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased software. To evaluate this criterion, determine the purchase price of the software and multiply it by 90 percent. This amount must be equal to or greater than the present value of the software license payments (if it is a standard COTS various sources could be used to provide the list price for the software package).

e. Note: Annual lease/renewals are not considered capital leases.

5.5.19 Enhanced Software. Enhancement costs for existing software should be capitalized if the enhancement results in significant additional capability beyond that for which the software was originally intended, the total cost of the enhancement is $1,000,000 or more, and the expected useful life of the enhanced software is 5 years. The capitalized cost will include the same types of cost discussed above in Section 5.7.15. Costs incurred solely to repair a design flaw or perform minor upgrades will not be capitalized. A significant additional capability is considered a capability not included in original software specifications and which costs $1,000,000 or more to develop (excluding all other updates to the software).

5.5.20 If software is being capitalized, but becomes unusable (impaired), this shall be brought to the attention of the Agency OCFO, Property Branch.

5.6 Recognition

5.6.1 NASA shall recognize Internal Use Software (IUS) as an asset when it meets the criteria for general PP&E and the capitalization threshold of $1,000,000 or more. The capitalized IUS will be amortized over a useful life of 5 years.

5.6.2 NASA will recognize and report monthly all losses from impaired software.

5.7 Amortization

5.7.1 Internal Use Software that is capitalized pursuant to the SFFAS No. 10, Accounting for Internal Use Software, and requirements established in this chapter shall be amortized over the estimated useful life of 5 years.

5.8 Disposal

5.8.1 NASA will recognize disposals when software is determined to be obsolete or nonfunctional. NASA will not report fully depreciated software projects. Once the project is fully depreciated, Centers will no longer include those projects on the quarterly report. Please refer to Chapter 2, Section 2.7 of this NPR for more detailed discussion of disposal of general PP&E.

5.9 Financial Controls

5.9.1 General Ledger Accounts applicable to Internal Use Software.

Table 5-1 Internal Use Software Accounts and Titles

Account Number	Account Title
1830.1000	Internal Use Software
1832.1000	Asset Under Construction - IUS
1839.1000	Accumulated Depreciation on Internal Use Software

Chapter 6. Capital Leases

6.1 Overview

6.1.1 This chapter prescribes accounting policies and procedures for Property, Plant, and Equipment (PP&E) leased by NASA and subject to capitalization.

6.2 Roles and Responsibilities

6.2.1 Center Supply and Equipment Management Officer (SEMO). The Center SEMO is responsible for determining fair value and useful life of leased PP&E and notifying the Center Chief Financial Officer (CFO)/ Center Deputy Chief Financial Officer (Finance) (DCFO)(F) if the results of the determinations indicate leased PP&E meets the capitalization criteria.

6.2.2 Center Chief Financial Officer/Center Deputy Chief Financial Officer (Finance) (DCFO)(F). The Center CFO/Center DCFO(F), (or the Center DCFO if a Center DCFO(F) has not been designated), is responsible for evaluating the terms of the lease agreement and notifying the SEMO if the terms indicate leased PP&E is subject to capitalization. The Center CFO/DCFO(F) is also responsible for ensuring adequate financial controls are in place and financial records and reports accurately reflect the status of the capital leases under the cognizance of the Center.

6.2.3 Agency Office of the CFO (OCFO), Property Branch. Agency OCFO, Property Branch is responsible for adequate agency wide financial and general ledger control over the Agency's capital leases.

6.3 Identification

6.3.1 Proper and timely identification of capital leases of PP&E by the responsible officials are essential for the control, accounting and reporting of capitalized assets. All NASA Centers including Headquarters and component facilities involved in leasing PP&E should work with the property accountants and/or financial offices to determine whether the leased asset meet the capital lease criteria.

6.4 Capitalization Criteria

6.4.1 Capital Leases. PP&E under a lease where the terms of the agreement are essentially equivalent to an installment purchase of PP&E and the capitalization criteria outlined below are met will be capitalized. In accordance with OMB Circular No. A-11, Preparing and Submitting Budget Estimates, Section 33 and Appendix B, for all lease-purchases and leases of capital assets, there must be sufficient budgetary resources up front to cover the present value of the lease payments discounted using Treasury interest rates.

6.4.2 Capitalization and Depreciation Criteria.

6.4.3 Leased PP&E is subject to capitalization if its fair value is $100,000 or more, its useful life is 2 years or more, and the terms of the agreement are equivalent to an installment purchase by meeting any one of the following criteria.

a. The lease transfers ownership to NASA at the end of the term.

b. The lease contains an option to purchase at a bargain price.

c. The noncancelable length of the lease is equal to or greater than 75 percent of the estimated economic life of the PP&E.

d. The present value of the rental or other minimum lease payments, excluding that portion of the payments that represents executory costs, such as insurance, maintenance and taxes to be paid by NASA, equals or exceeds 90 percent of the fair value of the PP&E.

e. Note: The last two criteria are not applicable if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased PP&E. The rental of space from General Services Administration (GSA) does not qualify as leased PP&E subject to capitalization.

6.5 Valuation

6.5.1 The present value of the minimum lease payments shall be computed using the Treasury Average Interest Rate for Marketable Interest-Bearing Debt unless:

a. It is practicable for NASA to obtain the interest rate implicit in the lease computed by the lessor; and

b. The implicit rate computed by the lessor is less than the Treasury Average Interest Rate for Marketable Interest-Bearing Debt.

6.6 Recognition

6.6.1 Each item of leased property, addition, improvement, alteration, rehabilitation, or replacement that meets the capitalization criteria will be treated as a single event and all costs incurred in relation to that event, regardless of when they are paid, will be recorded in the general ledger as an asset. The total cost of each leased property item will be considered a single event regardless of whether the work was performed on multiple contracts.

6.6.2 Leased PP&E that meets the above criteria will be recorded as an asset. The amount recorded shall be equal to the amount recognized as a liability for the capital lease at its inception (the net present value of the lease payments calculated as discussed above, unless the net present value exceeds the fair market value of the PP&E, in which case the liability will be the fair value).

6.6.3 Interest expenses will be recognized as a portion of the lease payments and will be calculated based on the interest rate used to compute the present value of the minimum lease payments.

6.7 Amortization

6.7.1 The recorded cost (fair value) of the leased asset shall be amortized over the life of the lease.

6.8 Disposal

6.8.1 The disposition of an asset under capital lease shall be recorded by removing the asset (by crediting SGL 1810.1000 Capital Lease) and the corresponding Capital Lease Liability Account and Accumulated Depreciation on Capitalization (SGL 1819.1000). Any loss on the disposition of the asset under capital lease should be recognized and recorded at the time of the disposal of the asset under capital lease.

6.9 Reporting

6.9.1 Reporting Requirements. Leased PP&E subject to capitalization are reported in the Capital Leases Report, submitted to the Agency Office of the CFO. All other PP&E leased for periods in excess of one year including capitalized leases less than $100,000, and those agreements where NASA is the lessor shall be reported in the Operating Leases Report.

6.10 Financial Controls

6.10.1 The following general Ledger Accounts listed in Table 6-1 are applicable to Capital Lease and will be posted to those accounts using SAP's Asset Accounting T-Codes.

Table 6-1 Capital Leases Accounts and Titles

Account Number	Account Title
1810.1000	Capital Lease
1819.1000	Accumulated Depreciation on Capital Lease
2940.0000	Capital Lease Liability
6610.1000	Cost Offset - Assets

Chapter 7. Heritage Assets

7.1 Overview

7.1.1 This chapter establishes the accounting policies for Heritage Assets.

7.2 Roles and Responsibilities

7.2.1 The Center Chief Financial Officer (CFO)/Deputy Chief Financial Officers (Finance) (DCFO)(F). The Center CFOs/Center DCFOs must ensure that adequate financial controls are in place and financial records and reports accurately reflect the status of heritage assets under the cognizance of the Center in accordance with the policies prescribed in this chapter. Their responsibilities also include maintaining close liaison with property management and other personnel concerned with heritage assets to provide assurance that values and units reported are accurate.

7.2.2 Agency Office of the CFO (OCFO), Property Branch. The Agency OCFO Property Branch must coordinate with the NASA Centers to ensure adequate documentation and document retention related to identified heritage assets. This documentation is essential for accurate preparation of the required annual supplementary steward information.

7.3 Identification

7.3.1 When capitalized assets are identified as heritage assets by a NASA Center, their values shall be removed from the asset accounts and a copy of the Journal Voucher for the transaction shall be forwarded to NASA Headquarters, OCFO, Property Branch for retention and documentation for the preparation of the required annual supplementary reporting. Should any Center become aware of the existence of a heritage asset, such existence should be notified to the Agency OCFO, Property Branch.

7.3.2 Contractors are required to provide information on heritage assets in their possession in their annual NASA Form (NF) 1018, NASA Property in the Custody of Contractors submissions. Those contractors required to report monthly in Contractor Held Asset Tracking System (CHATS) should also identify the heritage assets in their possession.

7.4 Capitalization Criteria

7.4.1 With regard to multi-use heritage assets, the renovation, improvement, or reconstruction costs to facilitate government operations (for example, installation of communication wiring or redesign of office space) would be capitalized and depreciated over its expected useful life, if it meets the capitalization criteria. The costs of acquiring, constructing, improving, reconstructing, or renovating heritage assets shall be considered an expense in the period incurred when determining the net cost of operations.

7.5 Valuation

7.5.1 Heritage assets shall be quantified in terms of physical units (for example, number of items in collections or the number of national parks). No asset amount shall be shown on the balance sheet of the Federal financial statements for heritage assets. The costs of acquiring, constructing, improving, reconstructing, or renovating heritage assets shall be considered an expense in the period incurred when determining the net cost of operations. The cost shall include all costs incurred to bring the heritage asset to its current condition and location.

7.5.2 For multi-use heritage assets, the cost of renovating, improving, or reconstructing operating components of heritage assets used in government operations shall be included in general PP&E. The renovation, improvement, or reconstruction costs to facilitate government operations (for example, installation of communication wiring or redesign of office space) would be capitalized and depreciated over its expected useful life. The cost should not be depreciated over an unrealistically long life.

7.5.3 For multi-use heritage assets the costs of renovating or reconstructing the heritage asset that cannot be associated directly with operations shall be considered heritage asset costs and included as expense in calculating net costs.

7.6 Recognition

7.6.1 Should a heritage asset be acquired or constructed, the cost shall be recognized by NASA as an expense (Cost of Heritage Assets) in the period incurred. The Real Property Accountable Officer and/or property Accountant shall be notified of the acquisition of any real property and/or personal property heritage asset to ensure that necessary data is recorded in the NASA Real Property and Personal Property Inventory.

7.7 Reporting

7.7.1 Heritage assets shall be reported as required supplementary stewardship information accompanying the financial statements of the Federal government and the component units of the Federal government responsible for such assets. SFAS No. 29 requires disclosure related to costs incurred to acquire, improve, reconstruct or renovate heritage assets.

Chapter 8. Operating Materials and Supplies

8.1 Overview.

8.1.1 This chapter prescribes accounting policies for NASA owned operating materials and supplies. When accounting treatment for specific circumstances are not discussed in this chapter, reference should be made to Statements of Federal Financial Accounting Standards (SFFAS) No. 3, Accounting for Inventory and Related Property, for guidance.

8.2 Roles and Responsibilities

8.2.1 Center Chief Financial Officer (CFO)/Deputy Chief Financial Officer (Finance) (DCFO)(F). The Center DCFO(F), or the Center DCFO if a Center DCFO(F) has not been designated, is responsible for ensuring that adequate financial controls are in place and financial records and reports accurately reflect the status of the operating materials and supplies under the cognizance of the Center. Their responsibilities also include maintaining close liaison with Center Supply and Equipment Management Officer (SEMO) for the accurate recording of the operating materials and supplies in the Center's general ledger and reconciling them with the SEMO's detailed records.

8.2.2 Agency Office of the CFO (OCFO), Property Branch. The Agency OCFO, Property Branch is responsible for adequate agency wide financial and general ledger control over the Agency's operating materials and supplies.

8.3 Identification

8.3.1 NASA shall classify all tangible personal property to be consumed in normal business operations as OMAS. Materials, which are consumable, are reported as operating materials and supplies and expensed as consumed. Consumables would include items less than $100,000 or items greater than $100,000 that do not have an estimated useful life of 2 years or more. However, materials, including spare parts, which meet the capitalization criteria (i.e., cost is $100,000 or more and useful life is 2 years or more) are classified as re-usable and should be reported as property, plant, and equipment (PP&E), capitalized, and depreciated over the remaining useful life of the end asset they support (i.e., shuttle, space station, other programs, etc.)

8.4 Valuation

8.4.1 Materials will be recorded at acquisition cost using one of the valuation methods (i.e., specified in SFFAS No. 3 which include first-in, first-out (FIFO); weighted average; moving average cost flow or another valuation method which approximates one of those methods). Acquisition costs shall include all appropriate purchase and production costs incurred to bring the items to their current condition and location. Cash discounts, when taken, are credited to the appropriate cost account 6100.9997. Donated materials shall be valued at their fair value at the time of donation.

8.4.2 Materials acquired through exchange of non-monetary assets (i.e., barter) shall be valued at the fair value of the asset received at the time of exchange. Each replenishments of stock through procurement or transfer will require a redetermination of the stock unit price when the weighted moving average is used.

8.5 Recognition

8.5.1 When OMAS is issued to an end user for consumption in normal operations, the recorded value shall be removed from OMAS (i.e., the asset account) and reported as an operating expense in the same reporting period they were issued. Tangible personal property for use in constructing real property or assembling equipment, with a useful life of two years or more, and with a value of $100,000 or more should not be reported as OMAS.

8.5.2 Excluded are (1) goods that have been acquired for use in constructing real property or assembling equipment to be used by the entity, (2) stock pile materials, (3) goods held under prize stabilization programs, (4) foreclosed property, and (5) seized and forfeited property.

8.5.3 General ledger accounts shall be updated on a monthly basis. Adjustments to the general ledger based on reconciliations with the materials records shall be recorded to coincide with month-end closeouts and annual reporting of materials.

8.5.4 Acquisition of Material Stocks. Additions to stock acquired by purchase of OMAS will be recorded in general ledger accounts 1511.0100, 1512.0100, or 9995.0900, in accordance with Section 8.6 above and coded in the Center accounting system with the appropriate 26XX object class. Additions to stock by transfer from other NASA Centers or Federal agencies will also be recorded in general ledger accounts 1511.0100, 1512.0100, or 9995.0900.

8.5.5 Issues. Items requisitioned from stock will be costed based upon data supplied by Center SEMO.

8.5.6 Adjustments.

8.5.6.1 Changes in material balances caused by or resulting from physical differences, errors, losses, damage and destruction, etc., will be recorded in accounts 1511.0100, 1512.0100, or 9995.0900 with offsetting entries to account 9995.0901 when Program Stock, or 7210.0100, 7190.0000 or 7290.0000 as appropriate when Stores Stock or Stand-by Stock. Headquarters, OCFO, Property Branch may reverse this entry and process these losses as a debit to 6790.0000 if deemed immaterial. If the entry is reversed, the Center shall be notified. Adjustments to Stores Stock and Stand-by Stock should be reflected in appropriated fund accounts as an expense or a refund, as appropriate.

8.5.6.2 Financial records will be adjusted based on data provided by the Center SEMO, to reflect adjustments to the property records approved by designated officials in accordance with the NASA Materials Inventory Management Manual (NASA Policy and Requirements (NPR) 4100.1).

8.5.7 Return to Stock. Items returned to stock for credit or without credit will be recorded in accounts 1511.0100, 1512.0100, or 9995.0900 at the lower of original or current issue price.

8.5.7.1 The return of items issued from Stores or Stand-by Stock will be recorded as a debit to 1511.0100, or 1512.0100 and a credit to 6100.8600 when a refund is given to the returning activity's appropriated fund accounts.

8.5.7.2 The return of items issued from Program Stock will be recorded as a debit to 9995.0900 with a credit to 9995.0901; no refund to the returning activity's appropriated funds will be recorded.

8.5.7.3 Credits to appropriated fund accounts for Stores or Stand-by Stock returns will not be processed when the initial activity charged cannot be determined. Returns will be recorded at a zero unit cost and the weighted moving average recalculated.

8.6 Disposal

8.6.1 Exchange/Sale. When items are traded in, the value of the item traded in will be removed from the 1511.0100, 1512.0100, or 9995.0900 accounts with an offset to account 6100.8600, or 9995.0901 as appropriate. Items purchased will be recorded in the 1511.0100, 1512.0100, or 9995.0900 accounts in accordance with Section 8.6 above at acquisition cost, including the amount received for the trade-in.

8.6.2 Disposal. Disposal of materials will be recorded as a reduction to the appropriate accounts with offsetting entries to Account 9995.0901 for Program Stock or 7210.0100 or 7290.0000 as appropriate for Stores and Stand-by Stock. The Agency OCFO, Property Branch may reverse this entry and process these losses as a debit to 6790.0000 if deemed immaterial. If the entry is reversed, the Center shall be notified.

Appendix A. Definitions

A.1 **Abandoned**. A condition in which the facility or other General PP&E asset has been 'walked away from' or ceasing to maintain any part of the property. There are no plans for future reactivation and plans have been made to demolish or declare the asset item as excess at the earliest practical date.

A.2 A**cquisition Cost**. Acquisition cost is the original purchase, construction or development cost, and includes all costs incurred to bring the property to a form and location suitable for its intended use, net of (less) any purchase discounts.

A.3 **Agency-Peculiar Equipment**. Completed items, systems and subsystems, spare parts and components unique to NASA aeronautical and space programs. Examples include research aircraft, reusable space vehicles, ground support equipment, prototypes, and mock-ups.

A.4 **Alternative Future Use**. Having a planned use on a project other than the one for which it is originally purchased which can be identified and objectively measured at the beginning of a project or at the time the purchase occurs or fabrication commences.

A.5 **Ancillary Capitalized PP&E**. PP&E with an acquisition cost of over $100,000 and a useful life of 2 years or more that are either purchased and/or fabricated to support a project's objectives and that can be reused by a future project or have a probable future economic benefit.

A.6 **Asset Attribute**. An attribute in MdM (Metadata Manager) to identify capital assets at the individual WBS component level. When enabled, the asset attribute will be used to identify those WBS elements that support capital asset acquisition. The five WBS asset attribute types available are based on the type of asset acquisition the WBS will be supporting: (1) Theme Assets, (2) Software (Internal use software $1M and over), (3) Real Property, (4) PP&E - Fabricated Ancillary capital assets, (5) PP&E - Purchased Ancillary capital Assets.

A.7 **Bargain Price**. Price (less than fair market value) at which NASA has the option to purchase leased PP&E which makes exercise of the option almost certain.

A.8 **Buildings, Improvements, and Renovations**. Buildings, Improvements, and Renovations include costs of buildings, improvements and renovations to buildings, and fixed equipment required for the operation of a building which is permanently attached to and a part of the building and cannot be removed without cutting into the walls, ceilings or floors. Examples of fixed equipment required for functioning of a building include plumbing, heating, and lighting equipment, elevators, central air conditioning systems and built-in safes and vaults.

A.9 **Bulk Purchase**. Bulk purchase for capitalization purposes is defined as a single acquisition of many separate items that if purchased individually would not be material, but is material when purchased as a single acquisition, or a single acquisition of many separate items with some of the items being individually material.

A.10 **Bundled Software Products and Services**. A suite of software products or services (i.e. training, maintenance, data conversion, reengineering, site licenses and rights to future upgrades and enhancements).

A.11 **Capitalized Property, Plant, & Equipment (PP&E)**. PP&E with an acquisition cost of $100,000 and over and a useful life of 2 years or more that are either purchased and/or fabricated to support a project's objectives and that have a planned alternative future use on another project.

A.12 **Capitalized Internal Use Software**. Software that meets all of the following criteria:

a. Is purchased from commercial vendors "off-the-shelf," internally developed, or contractor-developed solely to meet the entity's internal or operational needs;

b. Operates in a stand-alone mode and is not integrated or necessary to operate hardware or equipment;

c. Used to operate NASA's programs (i.e., financial and administrative software including that used for project management); or to support NASA's missions (i.e., communication software designed to support multiple missions). This would be software developed independently for a mission (i.e., not part of the mission);

d. Total projected cost is $1,000,000 or more; and

e. Has an expected useful life of 5 years.

A.13 **Commercial off-the-shelf (COTS) software**. Software purchased, leased or licensed from a vendor and ready for use with little or no change.

A.14 **Contractor Developed Software**. Software designed, programmed, installed, and implemented by a NASA contractor, including new software and modifications of existing or purchased software without substantive NASA employee involvement other than contract monitoring.

A.15 **Contractor-Held Property**. Contractor-Held Property is NASA-owned property in the possession of a contractor, and includes NASA furnished property, contractor-acquired property or contractor-fabricated property.

A.16 **Data Conversion**. Data Conversion includes conversion of existing data, reconciliation or balancing data, and the creation of new/additional data.

A.17 **Depreciable Basis**. The depreciable basis of a General PP&E asset is the recorded cost reduced by the asset's salvage value, when the salvage value exceeds 10 percent of the asset's cost.

A.18 **Depreciation**. Depreciation is the systematic and rational allocation of the cost of General PP&E less its estimated salvage or residual value, over the estimated useful life of the General PP&E. Depreciation expense shall be recognized on all General PP&E, except for land and land rights of unlimited duration.

A.19 **Development**. Development is the translation of research findings or other knowledge into a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use. It includes the conceptual formulation, design, and testing of product alternative, construction of prototypes, and operation of pilot plants. It does not include routine or periodic alterations to existing products, production lines, manufacturing processes, and other on-going operations even though those alternations may represent improvement and it does not include research or market testing activities.

A.20 **Estimated Economic Life**. Estimated remaining period during which the PP&E is expected to be economically usable by one or more users, with normal repairs and maintenance, for the purpose for which it was intended at the inception of the lease, without limitation by the lease term.

A.21 **Excess Property**. Property that is no longer required for an Agency's needs, as determined by the Agency head or designee.

A.22 **Fabrication**. Fabrication is the process of building or constructing a part or end item (i.e., satellites, space shuttle, space station, etc.). Multiple materials and supplies can be used and incorporated in a fabrication.

A.23 **Fair Value**. Price for which leased PP&E could be sold in an arm's-length transaction between unrelated parties.

A.24 **Formulation Phase**. Consists of conceptual formulation of alternatives, evaluation and testing of alternatives, determination of existence of needed technology, and final selection of alternatives.

A.25 **Free Software**. Software released to the public or other Federal agencies that advances scientific and technological knowledge but is not used in NASA's operations. The development of such software is consistent with NASA's mission, but is not acquired or constructed with the intention of being used, or being available for use by NASA.

A.26 **Heritage Assets**. Heritage assets are property, plant, and equipment (PP&E) that are unique for one or more of the following reasons:

a. Historical or Natural Significance;

b. Cultural, Educational or artistic (i.e. aesthetic) importance;

c. Significant architectural characteristics.

A.27 **Impaired Software**. Software no longer expected to provide substantive service potential which will be removed from service, or software which has incurred a significant reduction in capability, function, or use (or a module thereof).

A.28 **Implementation Phase**. Consists of design (including configuration and interfaces), coding, installation of hardware, and testing (including parallel processing, if needed).

A.29 **Improvements to Land**. Improvements to Land includes the cost of nonpermanent, depreciable improvements to land used in general operations. Also includes similar costs to land subject to stewardship reporting, as well as land rights of limited duration that are associated with general operations. The distinction between land and land improvements is that while land has an indefinite life and non-depreciable, land improvements have an estimated useful life (finite life), and it is capitalized and depreciated. Examples of land improvements include the cost of parking lots, driveways, fences, lawn, and garden sprinkler systems. The costs of land improvements are capitalized and depreciated.

A.30 **Ingrant**. An ingrant is an agreement between NASA and another entity by which NASA is allowed to use the property owned by the other entity.

A.31 **Integrated Software**. Computer software integrated into and necessary to operate Property, Plant, and Equipment (PP&E), rather than a stand-alone application.

A.32 **Interest Rate Implicit in the Lease**. Discount rate that, when applied to the minimum lease payments (less executory costs and unguaranteed residual value), causes the aggregate present value at the beginning of the lease term to be equal to the fair value of the leased PP&E at the inception of the lease.

A.33 **Internally Developed Software**. Software developed by NASA employees, including new software and existing or purchased software being modified with or without the assistance of contractors.

A.34 **Internal Use Software**. Internal use software is software that is purchased from commercial vendors "off-the-shelf," internally developed or contractor-developed solely to meet the entity's internal or operational needs. It is software that is:

a. Used to operate an entity's programs (i.e., financial and administrative software, including that used for project management);

b. Used to produce the entity's goods and to provide services (i.e., air traffic control and loan servicing); and

c. Developed or obtained for internal use and subsequently provided to other federal entities with or without reimbursement.

A.35 Key Decision Point (KDP). The event at which the Program Management Council (PMC) Decision Authority determines the readiness of a program/project to progress to the next phase of the lifecycle (or to the next KDP).

A.36 **Land and Land Rights**. Land and Land Rights include the identifiable cost of land and land rights of unlimited duration acquired for or in connection with general property, plant, and equipment used in general operations and permanent improvements. Land and land rights accounts include not only the land, but also the rights to it, such as easements.

A.37 **Leasehold Improvements**. Leasehold Improvements includes NASA-funded costs of long-term capital improvements to leases, rights, interests, and privileges relating to land not owned by NASA, such as easements, right-of-ways, permits, use agreements, air rights, water rights, and mineral rights. Leasehold improvements also include NASA-funded costs of improvements made to buildings, structures and facilities, as well as easements and right-of-way, where NASA is the lessee or the cost is charged to a NASA contract.

A.38 **Minimum Lease Payments**. Payments NASA is obligated to make or can be required to make in connection with leased PP&E.

A.39 **Modification**. An alteration of an existing piece of property. A modification may or may not increase the useful life of the property being modified. Modifications may extend the useful life, enlarge or improve its capacity or, change or enhance performance or functionality of the item. Only modifications that meet the capitalization criteria are added to the book value of the asset.

a. PP&E. Property, Plant and Equipment is composed of tangible assets that:

b. Have an estimated useful life of 2 or more years;

c. Not intended for sale in the ordinary course of business;

d. Intended to be used or available for use by the entity; and

e. Has an alternative future use.

A.40 **Mothballed**. A condition where a facility or any other General PP&E asset has been deactivated and appropriate maintenance measures have been taken to prevent deterioration of its vital or essential systems or placed in protective storage. Higher first year costs would be expected because of preparations for mothballing, but future annual costs should be significantly lower due to reduced maintenance and repair requirements. Total time to deactivate and then to reactivate the facility, including the mothballed period, is expected to exceed 12 months.

A.41 M**ulti-use Heritage Assets**. Heritage assets used to serve both heritage and government operations functions are considered multi-use heritage assets if the predominant use is in general government operations.

A.42 **Noncancelable**. A PP&E lease is considered noncancelable if it can only be canceled under one of the following conditions: 1) upon occurrence of a remote contingency, 2) with the permission of the lessor, 3) if the lessee enters into a new lease with the same lessor, or 4) if the lessee incurs a penalty in such amount that continuation of the lease appears, at inception, reasonably assured.

A.43 **Operating Materials and Supplies (OMAS)**. OMAS is composed of tangible personal property to be consumed in normal business operations.

A.44 **Operating Materials and Supplies (OMAS) Held for Use, (Store Stock)**. Material which is held and repetitively procured, stored and issued on the basis of recurring demand; considered "operating materials and supplies" under SFFAS No. 3.

A.45 **Operating Materials and Supplies Held in Reserve for Future Use, (Stand-By Stock)**. Material held for emergencies; considered "stockpile materials" under SFFAS No. 3.

A.46 **Operating Materials and Supplies, Program Stock**. Material acquired by direct purchase or issue from Stores Stock for a specific program and stored until required by the program; may be "operating materials and supplies" under SFFAS No. 3, unless acquired for use in constructing real property or assembling equipment to be used by NASA.

A.47 **Operational Phase**. Consists of data conversion, application maintenance, training, and deployment.

A.48 **Other Structures and Facilities**. Other Structures and Facilities include costs of acquisitions and improvements of structures and facilities other than buildings; for example, airfield pavements, harbor and port facilities, power production facilities and distribution systems, reclamation and irrigation facilities, flood control and navigation aids, utility systems (heating, sewage, water and electrical) when they serve several buildings or structures, communications systems, traffic aids, roads and bridges, railroads, monuments and memorials and nonstructural improvements such as sidewalks, parking areas and fences.

A.49 **Out-grant**. An out-grant is an action by NASA granting certain rights such as leasehold, permits, and easements to the grantees to use NASA owned property in accordance with the terms and conditions of the grant and/or agreement.

A.50 **Property Plant and Equipment (PP&E)**. Tangible assets, including land, that meet all of the following criteria:

a. They have estimated useful lives of 2 years or more;

b. They are not intended for sale in the ordinary course of operations; and

c. They have been acquired or constructed with the intention of being used or being available for use by the entity.

A.51 **Real Property**. Land, buildings, other structures and facilities, and leasehold improvements.

A.52 **Recorded Cost**. The recorded cost is the acquisition cost of an asset plus any ancillary costs required to bring the asset to a form and location for its intended use.

A.53 **Research**. Research is planned search or critical investigation aimed at discovery of new knowledge with the hope that such knowledge will be useful in developing a new product or service or a new process or technique or in bringing about a significant improvement to an existing product or process.

A.54 **Salvage Value**. The salvage value, also known as the residual or scrap value, is the amount that would be expected to be obtained from selling the asset at the end of its useful life, but only when such proceeds (from recycle, resale, salvage, etc.) are permitted to be retained and used by NASA. Typically, personal property (i.e., vehicles and equipment) will not have a salvage value. If the asset is to be traded in on a new asset, the salvage value is the expected trade-in value. For purposes of computing depreciation, real property assets (i.e., buildings, facilities and structures) do not have salvage values.

A.55 **Software**. Application and operating system programs, procedures, rules and any associated documentation pertaining to the operation of a computer system or program.

A.56 **Software Life Cycle Phases**. The phases through which a software application or information system passes, typically characterized as formulation, implementation, and operation, as defined below.

A.57 **Standby**. Condition where a facility or any other General PP&E asset that is temporarily not in use and appropriate maintenance measures have been taken to maintain its vital or essential operating systems in a state of readiness or availability for future use. Selective lifecycle cost effective facilities maintenance and repair is required. Total time to deactivate and then to reactivate the facility, including the standby period, is expected to be less than 12 months.

A.58 **Theme Assets**. Assets that are the principal products of Theme Projects that have the possibility of an alternative future use/benefit. Theme Assets will therefore be treated as Capitalized Property Plant & Equipment, which is capitalized and depreciated in accordance with generally accepted accounting principles.

A.59 **Theme Projects**. Space exploration items that are specifically designed for use in a NASA program, (i.e., NASA developed and /or funded scientific experiments intended to operate outside the atmosphere).

A.60 **Time-based Allocation**. A strategy for recognizing capital costs in WBS elements (such as "Project Management" or "Systems Integration and Testing") where not all costs collected will be capitalized. Such WBS elements would not have an asset attribute enabled but rather a defined settlement process in SAP based on dates.

A.61 **Un-required Property**. Property identified by Agency components that is no longer needed by the component and is available for transfer to other components of the Agency.

A.62 **Useful Life**. The normal operating life in years, in terms of utility to NASA.

A.63 **Work-In-Progress (WIP)**. Work-In-Progress consists of the costs (i.e., procured materials, labor, travel, etc.) related to the design and fabrication of an asset to bring it to a form and location for its intended use, until such time as it is considered operational.

Appendix B. Acronyms

AFUQ	Alternative Future Use Questionnaire
CFO	Chief Financial Officer
CHATS	Contractor Held Asset Tracking System
CLIN	Contract Line Item Number
CMP	Continuous Monitoring Program
DCFO	Deputy Chief Financial Officer
DCFO(F)	Deputy Chief Financial Officer (Finance)
EPSS	Enterprise Performance Support System
EUP	End User Procedures
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FFP	Firm Fixed Price
FIFO	First-In, First-Out
FPMR	Federal Property Management Regulations
FSC	Federal Supply Classification
GSA	General Services Administration
IUS	Internal Use Software
MdM	Metadata Manager
NEF	NASA Electronics Forms
NFS	NASA FAR Supplement
NRPI	NASA Real Property Inventory
NSN	National Stock Number
NSTS	National Space Transportation System
OCFO	Office of the Chief Financial Officer

ODIN	Outsourcing Desktop Initiative for NASA
OMAS	Operating Materials and Supplies
OMB	Office of Management and Budget
PP&E	Property, Plant, and Equipment
PR	Procurement Requests
QAE	Quality Assurance Evaluation
R&D	Research and Development
RPO	Real Property Officer
SEMO	Supply and Equipment Management Officer
SFAS	Statement of Financial Accounting Standards
SFFAS	Statements of Federal Financial Accounting Standards
WBS	Work Breakdown Structure
WIP	Work-In-Progress